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JULY 25, 1983 Vol. 122 No. 4

TIME

THE WEEKLY NEWSMAGAZINE

A Letter from the Publisher

When Senior Writer Michael Demarest wrote his first TIME cover story on travel in 1956, some 500,000 U.S. tourists were expected in Europe. For this week's sequel, Demarest, a specialist on the changing needs and tastes of U.S. travelers, looks at the revived interest in vacations abroad and the enthusiasm Europeans will lavish on a predicted 4.2 million American visitors in 1983.

One of Demarest's own aims in writing about travel has been to interest Americans in meeting a range of Europeans, especially outside the major cities. "I love the capitals with their theaters, their art, their museums," he says. "But some of my happiest travel experiences have been in the provinces of England, France, Portugal, Italy. I discovered many of those places while serving in the Merchant Marine during World War II. I was on North Atlantic and Mediterranean runs, among others, and there were always opportunities to get away into the countryside, where people welcomed me. Even in wartime, they ate and drank well." Demarest has been back to Europe almost every year in the past three decades. But he has also enjoyed traveling to and writing in TIME about more exotic places: the Hawaiian island of Maui in 1979, the Caribbean's pristine Lesser Antilles in 1980. In 1978 he and Photographer Carl Mydans were among the first journalists to travel as tourists through China. Their experiences became a cover story for TIME's international editions and later a book, *China: A Visual Adventure*.

HUGH PATRICK BROWN

Senior Writer Demarest with travel temptations

For this week's story, Demarest was assisted by dozens of reporters and correspondents on both sides of the Atlantic. Among them was Boston's Sara White, who has vacationed in Europe 22 times and maintains, "The excitement never dims." Rome's Leonora Dodsworth found accosting unknown tourists a daunting experience, made more so by the fact that many visiting Americans no longer wear such distinctive raiment as Hawaiian shirts and polyester pantsuits. Says she: "Now you have to move in close enough to eavesdrop and identify their speech." London Correspondent Mary Cronin, whose desk has been piled with tempting brochures for British holidays, confesses "frustration at writing about tours rather than going on them. So come the weekend, I joined a group going to the upper reaches of the Scottish Highlands. I even went fishing in Loch Maree and came up with a 10-lb. salmon."

John a. Meyer

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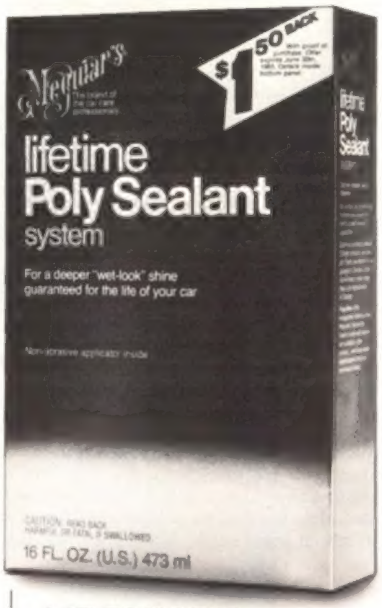

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Letters

Hunting Cures

To the Editors:

Reading the story on disease detectives [July 4] was a rewarding experience for a public-health professional. It is time that epidemiologists and other public-health workers receive the credit they have earned over the years, which is frequently given to the medical profession.

Abbé Janov-Litvack
New York City

Your article on disease control was fascinating, and your depiction of the AIDS crisis sensitively written. More frightening than the disease are the attitudes of some people in the mainstream of society. Comments like those of the Rev. Greg Dixon, who warns that America will be destroyed if homosexuals are not stopped, present a greater threat to us than any infection from a virus or organism.

Martin J. McGlynn
Dedham, Mass.

Any homosexual man who has had anal sex with more than 60 partners a year should not ask society to cure him of AIDS. Let the gay community fund the research for its own problems.

Percy Wiley
Portland, Ore.

Your article shows how AIDS is giving the enemies of lesbians and gay men seemingly justifiable reason to perpetuate the discrimination that has been practiced against these groups. The unwarranted hysteria now taking place over AIDS makes it imperative that state and federal governments enact laws immediately to safeguard the rights of lesbians and gay men in employment, housing, medical care and social services.

Allen W. Kratz, President
New Jersey Lesbian-Gay Coalition
New Brunswick, N.J.

In your article, you left the impression that I had recommended that active homosexuals be "barred" from the food-handling business because of AIDS. Not so. The danger from homosexual food handlers is not AIDS, but the spread of enteric diseases (the so-called gay bowel syndrome), several of which are epidemic among gays and *are* spread by contaminated food.

Pat Buchanan, Columnist
Tribune Company Syndicate, Inc.
New York City

I find homosexuality repugnant, disgusting and morally wrong. However, the attitude and behavior of those, especially health professionals, who refuse their services to homosexuals are even more deplorable. Homosexuals need help, not hatred. Whether AIDS is a scourge from God is not clear. What is evident is that sexual promiscuity is dangerous, and that danger must outweigh whatever transitory pleasure is gained.

Scott A. Sterling
Austin

Sakharov's Strategy

In spite of the problems involved in controlling nuclear weapons, as discussed in your article "A Plea for Nuclear Balance" [July 4], I believe there is very little

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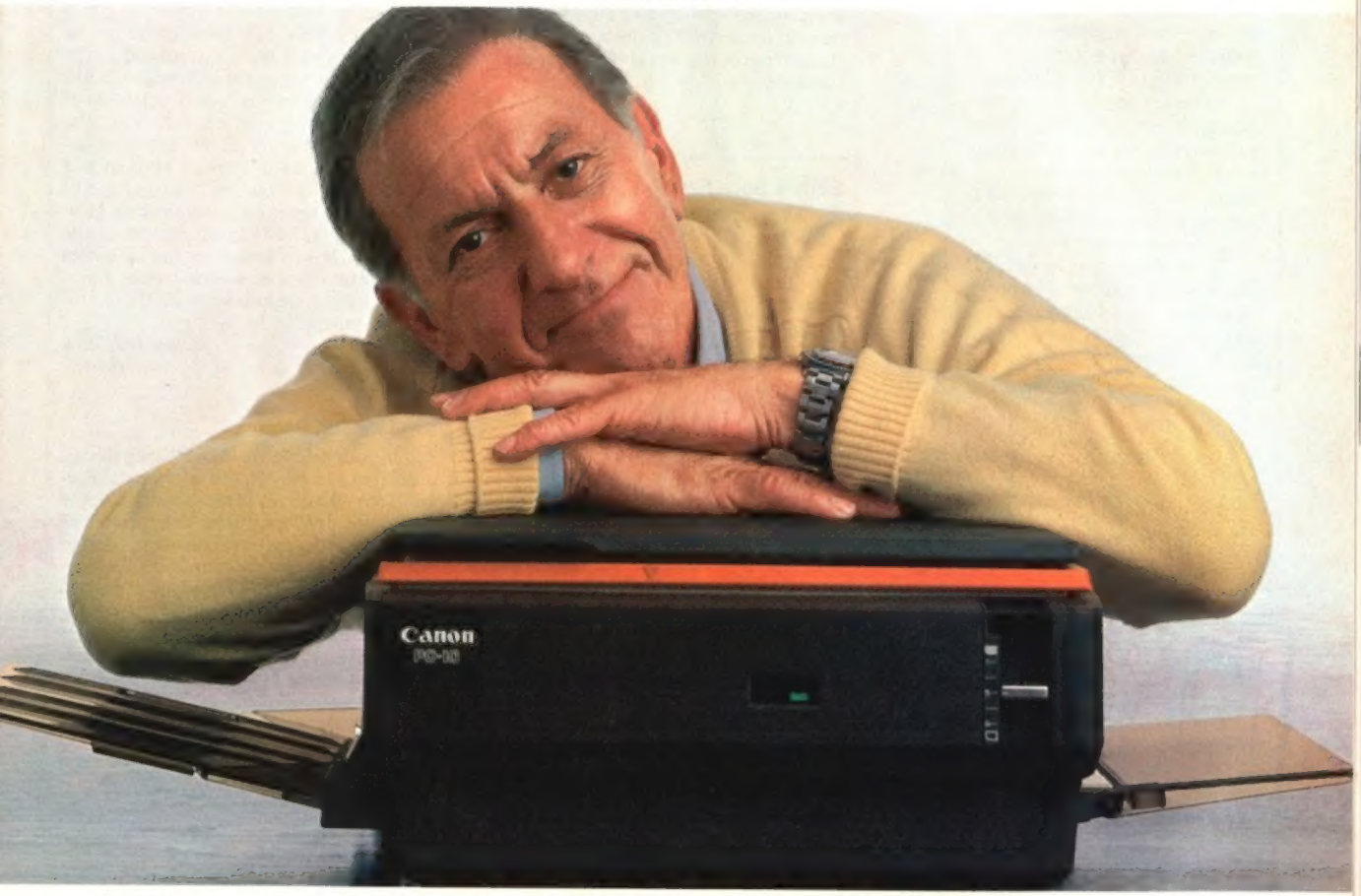

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Letters

chance that the major powers will engage in nuclear war in the near future. There is no conceivable advantage to be gained by any party in such a conflict. Instead, the first nuclear aggressor will in all likelihood be a relatively isolated country that is affluent enough to possess the bomb but perceives its survival to be endangered by some local dispute. More attention should be paid to controlling nuclear weapons in those areas of the world than between the superpowers.

Kent Peacock
Toronto

Sally's Sacrifice?

As a woman, I felt a special pride when I watched Sally Ride aboard *Challenger* [July 4]. But why couldn't she accept the flowers? Why didn't she carry lipstick or makeup? Now that women can do anything men can do, must they sacrifice being women?

Lynn Hall
Anderson, Ind.

Sally Ride's spaceflight has corroborated the first impression I had of the U.S. when I arrived on its shores as an immigrant from Paris: American women are out of this world.

George Javor
Marquette, Mich.

Ironically, all the attention to Ride's flight reflects a failure in American society. The final victory for women's rights will not come until there are women astronauts, women Supreme Court Justices, and women corporate presidents, and nobody pays attention.

Roger M. Harris
Shelby, N.C.

Condemning Apartheid

Under Secretary of State Lawrence Eagleburger said nothing new when he called South Africa's system of apartheid morally wrong [July 4]. But then he had the audacity to reaffirm the U.S. position of encouraging the Botha regime to make "small reforms" instead of advocating economic sanctions against the government of South Africa. If the Reagan Administration had any foresight, it would be devising a plan to put the U.S. on the side of those working to free South Africa from apartheid.

Ounzuba Kemeh-Gama
New York City

Marxist Banker

Your story on János Fekete, "Hungary's Savvy Banker" [June 27], sounds like an advertisement from the National Bank of Hungary. As long as Hungary belongs to the Warsaw Pact, its bankers and businessmen cannot seriously be considered independent thinkers. After Poland's failure, the Kremlin is using Hungary in its desperate search for Western credits. Although you assert that Hungary has the "most efficient economy in the Communist world," the truth is that the Communist economic system simply does not work.

Andrzej Lewandowski
Wembley, Australia

János Fekete. His name could not be more Hungarian. He is introduced as the favorite Eastern banker of Western bankers, the man who has raised hundreds of millions of dollars in loans to keep the Hungarian economy afloat. Yet he is described by you as an avowed Marxist and master at using Western financial methods. If the Communist system had been established in the Western nations at the same time it was forced on the countries of Eastern Europe, where would János Fekete have gone to borrow all those millions of dollars?

Jaroslav J. Jilek
Jacksonville

Apple's Top Banana

In your article about the Aspen design conference [June 27], the reference to Steven Jobs, chairman of the board of Apple Computer Inc. might be interpreted as suggesting that Jobs considers design "dispensable gift wrapping." On the contrary, Apple is one of the most design-conscious corporate enterprises in America, whose commitment to design goes beyond simple marketing considerations. The most telling evidence of this commitment is exemplified by the products themselves, and in this regard Apple measures up very well.

Milton Glaser
New York City

Who Is Hispanic?

In your cover story on Los Angeles, America's uneasy new melting pot, I notice that TIME calls all Spanish-speaking people in America "Hispanics" [June 13]. I question your use of the term. The only people who can legitimately call themselves Hispanic are those who are white and come from the Iberian peninsula of Spain and Portugal, which is the land of "Hispania." If anyone who speaks Spanish is, as you say, a Hispanic, by the same logic all English-speaking Americans, whether they be white, black, mulatto or Indian, should be called Anglos.

Carlos Garcia-Espina
Madrid

In the U.S., the term Hispanic has evolved to refer collectively to those people who speak Spanish or whose origins are in Spain or its former colonies.

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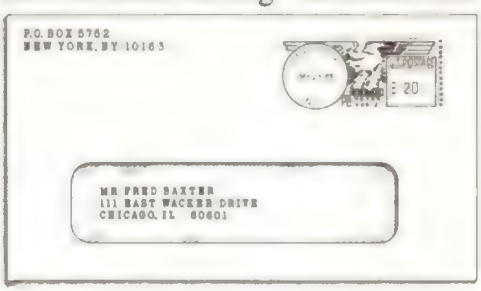

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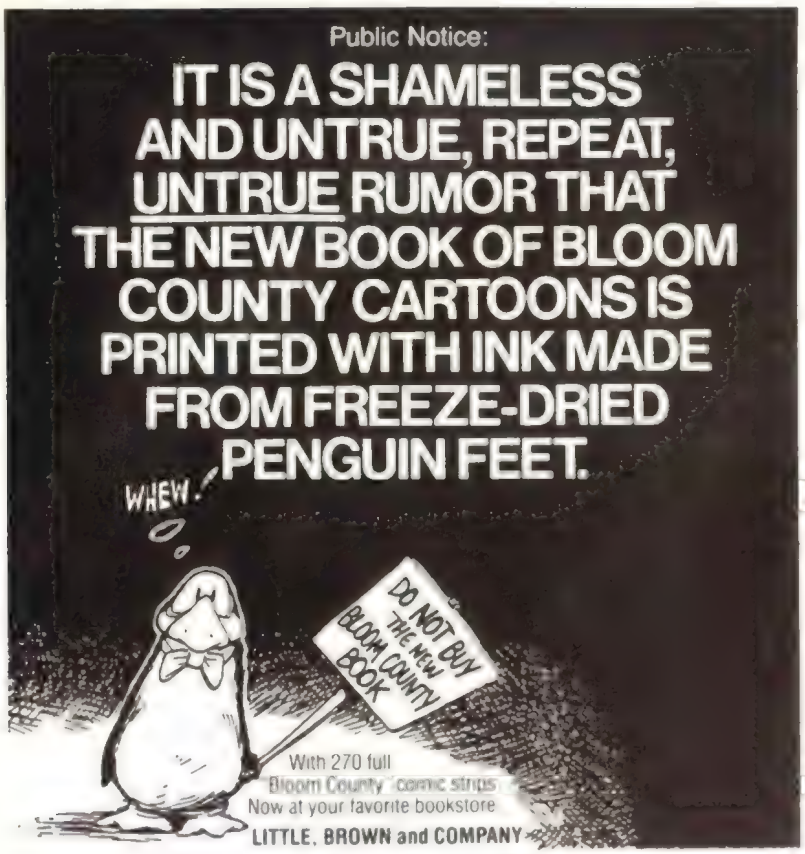

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In Georgia: Onion, Onion Is All the Word

Bill Ledford, editor of the weekly paper in Vidalia, Ga., popped into the Vidalia Chamber of Commerce the other day with an idea about a porcelain onion. He told Dick Walden, the executive vice president of the Chamber, that he had met an artist in Charleston, S.C., and that he harbored a notion to commission her to fire him up some onions. "She makes squash, beans, everything," said Ledford, a little excitement rising in his voice. "She even makes an onion," he continued, "but it doesn't look like our onion. It's not flat and squatty enough."

Ledford, his eye on a buck, would like to market the artificial onion. The thing was, he explained, he wanted to put the registered trademark of the Vidalia sweet onion, a cartoonish character called the Yumion (sort of the Pillsbury Doughboy of the onion racket), on his product, and for that he needed permission from the Chamber. Walden said he would bring it up at the next board meeting, but he suspected Ledford "could bank on it." The editor bounded out, a happy man.

Onion, onion, onion is all the word around here. If one has not yet heard of the Vidalia sweet onion, one will. In the past few years, knowledge of its succulence has table-hopped through gourmet circles all over the land. The Vidalia (pronounced Vy-*dale*-yuh) is status, and with its fame has come its nemesis: imitators. "The imitators are unscrupulous," says Walden. "I fully expect to hear somebody's packaging cabbages out there and calling them Vidalia onions."

Jody Powell, writing in the Dallas *Times Herald*, puts the blame for the rise of onion fraud partly on the Carter Administration: "It started in 1977 when we Georgians descended on Washington and were overheard whispering at embassy receptions, state dinners and Cabinet meetings about suppliers, shipments and prospects for the year's crop. This attracted the attention of gossip columnists and other riff-raff. Soon Vidalias were appearing on the shelves of the Georgetown Safeway, the supermarket of the elite where you're embarrassed to shop if you're not wearing tennis togs or jodhpurs, depending on the season."

Dealers from Alabama, Florida, Texas and other parts of Georgia are marketing their onions as Vidalia onions. The reason is simple: the Vidalia, because it is mild and because it has become enormously popular, fetches as much as three times the price of ordinary onions. The Vidalia is a yellow Granex type F-1 hybrid, a variety grown throughout the country. Grown elsewhere, however, the same onion can bring tears to the eyes. Grown here, it is called sweet—and is. The former presidential press secretary

A roadside model of the trademark Yumion

contends it will not make "your nose run, your heart burn, or your sweetheart gag." (In fairness, it should be pointed out that other localities, like Walla Walla, Wash., also produce a sweet onion. Tests have shown that the sugar content in the Vidalia is highest; it seems to have something to do with the mild climate and the paucity of sulfur in the sandy soil here.)

Vidalia (pop. 12,500) is in a land of griddle-flat fields frying in the sun, above which flit innumerable gnats. Newcomers reveal their newness by slapping at the gnats. Natives just shrug and blow them away. It is a region in which people, upon taking leave of one another, say either "Better come go with us" or "Stay with us"—no matter whether the plural applies. The stranger who says "O.K." to either proposition is regarded as a nut.

It is an area whose inhabitants speak lyrically. Dick Walden, for example, momentarily dropping the subject of onions, will allow he is fond of fishing "those flatwoods rivers with the tea-colored water—not the big, muddy, silted ones coming down from the high country, taking a little more of Georgia to the sea every day."

And it is the kind of town where entrepreneurial skills appear to possess no symmetry, no balance. Commerce seems based forthrightly on everything the traffic will bear, all under one roof. One does not find, for instance, a record-and-tape store so much as one finds an establishment whose sign proffers: SWEET CORN, LOCAL GROWN. WE MAKE KEYS. Gasoline stations offer beer, shoes, crickets, night crawlers and, in season, onions. The onion accounts for $9 million worth of the local economy each year. The harvest ended last month.

About four centuries after Shakespeare wrote, "Eat no onions nor garlic, for we are to utter sweet breath," Mose Coleman harvested the first Vidalia onion, ate it and found, among other things, that his breath would not fell a mule. That was in 1931, and Coleman, who is now 82, took his onion to a buyer for a food-store chain. "I pulled out my onion and my knife," he recalls, "and I ate it there in front of him. He'd never seen anything

Walden of the Chamber of Commerce: Your nose will not run, nor will your sweetheart gag

SAVE THE WHALES!

Four Nations Defy Whaling Ban

Don't Buy Fish from Japan, Norway, Peru and Russia

These whaling nations have declared they will not abide by the ban on all commercial whaling, set to begin in 1986, that was adopted by the International Whaling Commission (IWC) last year.

Please help the international conservation community in the battle against the greedy fishing industries that have driven the great whales to the brink of extinction. Don't buy fish from Japan, Norway, Peru or the Soviet Union.

Teach the whale-killers an expensive lesson. Ask your local fast-food restaurants and supermarkets to stop purchasing fresh, frozen and canned fish from the outlaw whaling nations.

Already, the largest seafood restaurant chain in the U.S., Long John Silver's Seafood Shoppes, has declared it will not import from nations that do not abide by IWC regulations. The company, with more than 1,300 restaurants, cancelled $5 million in orders from Norway.

The U.S. government is imposing economic sanctions against the Japanese fishing industry for its defiance. The Japanese fishing allocation in U.S. waters has been cut by 100,000 metric tons, and more cuts are likely this year if Japan does not agree to halt the slaughter.

What Scientists Say

Sir Peter Scott, the great naturalist, states: *"In light of our present knowledge of these magnificent mammals, no civilized person can contemplate whaling without revulsion and shame at the insensitivity of our own species. Whaling is an affront to human dignity, a debasement of human values and sensibility."*

Jacques Cousteau, the famed oceanographer, writes: *"The only creatures on earth that have bigger—and maybe better—brains than humans are the Cetacea, the whales and dolphins. Perhaps they could one day tell us something important, but it is unlikely that we will hear it. Because we are coldly, efficiently and economically killing them off."*

Please Support Our Campaign

We urgently need your help to battle the powerful whaling interests. The Animal Welfare Institute is leading the fight at the annual meeting of the IWC this week. We shall continue to expose the cruel massacre until the last harpoon is silenced.

Please contribute as much as you can. A major breakthrough in whale protection is so close that your tax-deductible donation is more important than ever. For a donation of $15 or more, you will receive a beautiful, four-color print of the humpback whales (above), measuring 20" by 26", by renowned marine life artist Richard Ellis.

The **Animal Welfare Institute** has worked since 1951 to prevent animal suffering and the exploitation of endangered species. All of our support comes from concerned individuals and groups. A copy of AWI's annual report is available on written request to AWI or to the New York State Dept. of State, Offices of Charities Registration, Albany, N.Y. 12231.

I want to help SAVE THE WHALES

☐ Please send me more information about how I can help save the whales.
☐ Enclosed is my tax-deductible contribution of $ _____
(Make check payable to Animal Welfare Institute)
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Name _____
Address _____
City _____ Zip _____

Animal Welfare Institute, P.O. Box 3650, Washington, D.C. 20007

T

American Scene

like it. There wasn't any tears coming out of my eyes, and I wasn't making no face. He bought it for stores in Georgia and South Carolina. That fixed me up."

The onion caught on around the South, but did not move outside the region unless Southerners felt the pull of wanderlust, taking with them strong opinions on what constituted a good onion: the Vidalia. Now stores from Manhattan to Miami, Los Angeles to Seattle, sell Vidalias, real and counterfeit. The growers and the Chamber of Commerce here say the real Vidalia is raised within a 35-mile radius of Vidalia. Growers who belong to the Chamber's tag program produce onions that are graded and approved by the U.S. Department of Agriculture and bear a tag with the trademark Yumion. The grower's name, address and telephone number appear on the tag. To accept a bag of onions without all this pedigreed labeling, according to Grower Jack Todd, is to risk buying something less than a Vidalia. Todd says he can tell the difference between the taste of a Vidalia onion and one grown a mere 50 miles away.

The Georgia general assembly apparently disagrees. When the growers got a bill introduced earlier this year defining the growing area of the Vidalia, "We got a fast lesson in practical politics," says the Chamber's Walden. "What happened is, growers in other parts of the state got to smelling that onion, and it got to smelling like money. By the time the legislature got through with it, the growing area included half the state." The legislation died.

"It's dog eat dog in the onion business," says Walden. The people he speaks for have the growing season behind them now, but their fight for the onion's purity and integrity continues. In Virginia, a distributor who trucks them there says that as the onion's reputation has grown, so has a backlash against them, adding consumer insult to counterfeiter injury. "Wimp onions!" snarls the distributor. "They call them wimp onions!"

Perhaps the charge is just. After all, folks in Vidalia say the onion is so mild that it can be made into a pie. (Others might call it a quiche.) Here it is:

Vidalia Onion Pie

1 cup saltine cracker crumbs
5 tbs. melted butter
2½ cups thinly sliced Vidalias
2 tbs. oil
2 eggs
¾ cup milk
Salt and pepper to taste
¼ cup grated Cheddar cheese

Combine crumbs and butter and press into an 8-in. pan. Bake eight minutes at 350°. Sauté onions in oil until tender and put into shell. Mix remaining ingredients except cheese and pour over onions. Top with cheese and bake at 350° for 45 minutes.

—*By Gregory Jaynes*

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Charles Kuralt is on the road again. Each week, he travels the nation's byways discovering the true spirit and strength of America and its people.

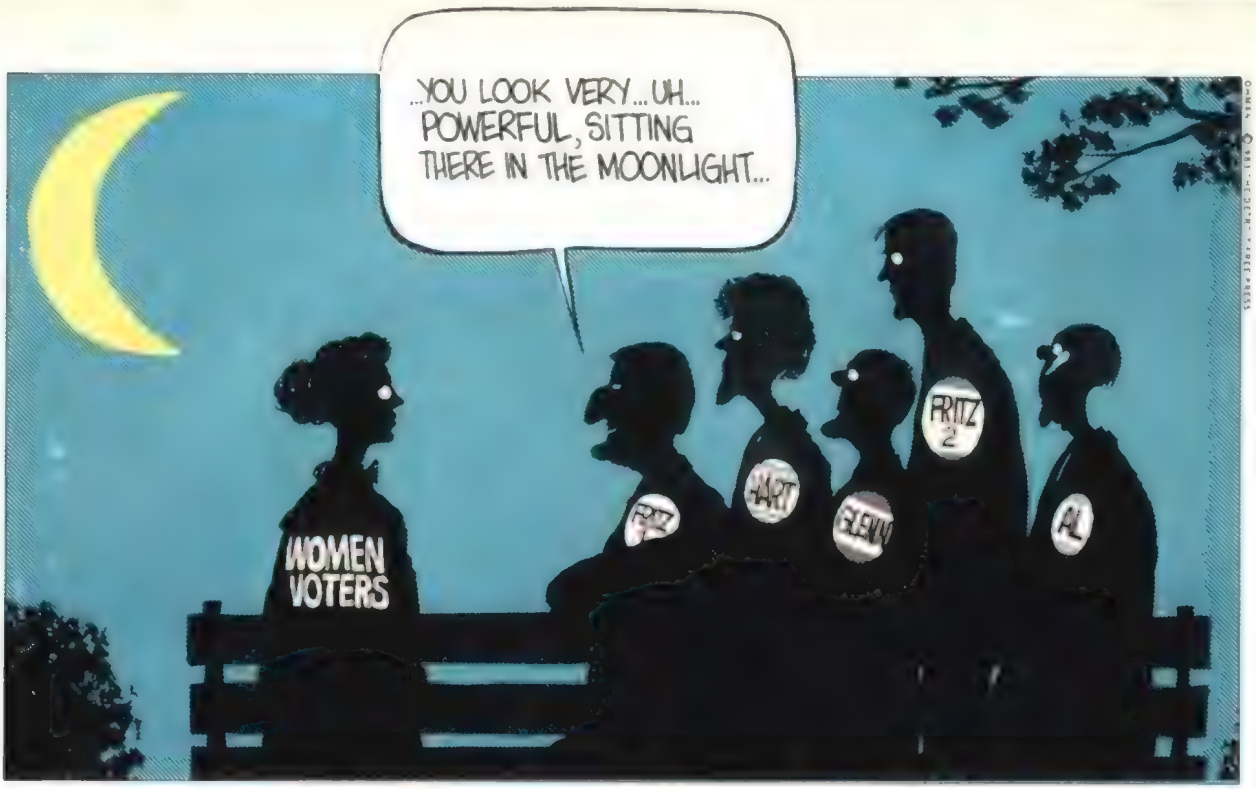
OUR TIMES WITH BILL MOYERS

Bill Moyers focuses on lives in a time of social and economic change. A sometimes startling, always revealing look at people facing the challenges of the 80's.

THIS SUMMER, GET TO THE HEART OF AMERICA.

TUESDAY NIGHTS
CBS NEWS

Check local listings for time and channel.



TIME JULY 25, 1983

Getting a Gender Message

Politicians affirm that a woman's place is in the voting booth

It was courting time in San Antonio. The suitors came early and stayed late. They made sure that the women staff members who accompanied them were highly visible, flourishing them like bouquets. Addressing the 800 delegates to the convention of the bipartisan National Women's Political Caucus, they offered lyrical tributes to the ability of women to influence the election of the next President of the U.S. And with good reason. Each—Walter Mondale, John Glenn, Gary Hart, Alan Cranston and Ernest Hollings—is a Democratic contender for that very office.

The gender gap—the marked difference between the political views of men voters and the increasingly sizable body of women voters—rang out as the theme of the convention, set to a Texas mariachi beat. The delegates, most of them Congresswomen, state officials and activists, found that women's status as this year's pre-election prom queen was a lot more fun than last year's post-ERA role as wallflower. It was, for one thing, the first time since the Caucus was founded twelve years ago that the guys had come to their party.

On a sunny terrace above the cypress-shaded San Antonio River, four Congresswomen gleefully summed up the moment. Said Democrat Geraldine Ferraro of New York: "We've got the issues, we've got the gender gap on our side, and at long last the men are going to pay attention to us." Republican Congresswomen Claudine Schneider of Rhode Island and Olympia Snowe of Maine said that even the White House had begun to take notice. Not a moment too soon. The fourth member of the group, Democrat Barbara Kennelly of Connecticut, had brought both Republican and Democratic delegates to their feet cheering when she pronounced President Ronald Reagan "hopeless" on women's issues.

The hostility to Reagan prompted San Antonio City Councilman Van Archer to complain: "There's just no way in the world I can understand how 200 women who don't shave their legs can claim to speak for the women of America." His remark suggested a poor eye for legs as well as for polls. The women of America, in every social, economic and racial group and in every geographic region, have consistently given President Reagan a poorer performance rating than have men. A New York *Times*/CBS News poll revealed that among Republicans the discrepancy between men's approval of Reagan and women's is a startling 21 percentage points. Pollsters, politicians and academicians attribute that gap to several factors: women's increasing sense of being economically disadvantaged and their more humanitarian views on social welfare; women's anxiety about war and resistance to military spending; and women's increasing desire for equality and a new independent determination to vote for politicians they consider responsive.

"It all goes back to the realization that women view the world differently from men," says Congresswoman Patricia Schroeder of Colorado, a Democrat. "Women see the whole picture. The economic issues encompass all the traditional women's issues, but doing something about women's poverty won't make the gender gap disappear. Women will still worry that unless we change the old caveman rules, we will all be blown up." If the gender gap turns out to be more permanent than a temporary reaction to a Presi-

dent who is perceived as sexist, then the split could signal a significant change in American political life. Women now constitute 52% of America's voting-age population. In the 1980 presidential election, for the first time, the percentage of women reporting they voted was slightly higher than that of male voters. Women voted significantly differently from men and cast nearly 6 million more ballots.

The distinction between the voting patterns of women and men could, in a close race, determine the next presidential election. Apparently in recognition of that fact, the five Democratic candidates who went wooing in San Antonio displayed all too overt signs of catch-up consciousness raising. "I am a feminist," declared Walter Mondale rousingly. A nice thought, but a panel including such leaders of the women's movement as former Congresswoman Bella Abzug and Eleanor Holmes Norton, former head of the Equal Employment Opportunity Commission, pressed for specifics. What, for instance, did Mondale and the other candidates plan to do about curbing defense spending, appointing women to federal posts, enforcing civil rights laws, improving women's economic conditions and ending U.S. involvement in Central America? Diligently liberal responses from all the hopefuls failed to stir much enthusiasm, although Hart managed to provoke the convention's wrath by refusing to observe its time limits. By and large, as Brooklyn District Attorney Elizabeth Holtzman observed, the candidates "hardly fire the imagination."

Congresswomen Schneider, Ferraro, Kennelly and Snowe

President Reagan inspired both fire and brimstone, with the sharpest attacks coming from two Republican speakers. Caucus Chair Kathy Wilson called the President a "dangerous man" and urged him not to run again. Said Patricia Bailey, a Republican member of the Federal Trade Commission: "Benign bewilderment in response to the women's revolution is a license for bigotry at every level and in every quarter of the land, and that is the lesson of the last three years." In the corridors of the San Antonio Convention Center, where the session was held, women wore buttons reading I'M A REPUBLICAN AND I WANT MY PARTY BACK.

Schroeder

Bailey

Lewis

How did a nice man like Ronald Reagan manage to annoy so many women? Pretty easily. He ran on a platform that abandoned the Republican Party's traditional support for the Equal Rights Amendment. He enraged working women when he suggested that part of the nation's unemployment problem was owing to the increase of women in the work force. He consistently lent support to the effort to make abortion illegal. The depth of women's resentment on that issue alone was dramatized in San Antonio at a lunch at which Republican Senator Robert Packwood was praised for his opposition to a constitutional amendment banning abortion. Some women suddenly found themselves weeping over baskets of fried chicken, as they expressed relief that except for a few still stormy skirmishes, the Supreme Court's decision upholding freedom of choice probably means that wrenching battle is finished.

The kindest explanation for Reagan's gender gap comes from those women who, like Congresswoman Snowe, try to see it as a generation gap. Says Snowe: "He's just not capable of understanding the problems of today's women." But groups like the Women's Truth Squad on Reagan of the National Organization for Women take a harsher view, with their detailed indictments of Reagan's positions on women's issues. NOW cites Reagan's plans to reduce affirmative-action requirements and equal-employment regulations, his opposition to programs designed to produce educational equity, and his cuts in social welfare programs. Women, along with children, constitute a disproportionate number of the nation's poor.

The White House publicly rejected the message from San Antonio. Faith Ryan Whittlesey, Assistant to the President for public liaison, said the N.W.P.C. is "clearly not in the American mainstream." Whittlesey argued that the Administration's gains on the economy are especially beneficial to women. She wondered, not without reason, "why the Democrats are not holding meetings to find out why they are losing male voters." However, White House sources admit that women's issues have become a matter of high-level concern. Responsibility for dealing with the gender gap has been turned over to Deputy Chief of Staff Mike Deaver, with orders, say sources, to "blunt it—by substance and symbolism."

Both were evident last week. Health and Human Services Secretary Margaret Heckler testified on Capitol Hill for a bill providing for enforcement of child-support payments. A group of Republican Congresswomen met with White House staffers to discuss child-support and pension reform. Schneider called the meeting "a significant signal that the White House is serious" about portions, at least, of the Economic Equity Act. This is a complex package of legislation on pension reform, tax relief, insurance discrimination and child-care issues developed by the Congressional Caucus for Women's Issues.

Democrats should not begin rehearsing *Happy Days Are Here Again*, warns Ann Lewis, political director of the Democratic National Committee. "The gender gap is just an opportunity. It doesn't mean women have given the Democratic Party their proxy, and the gap will exist only as long as women perceive there is a real difference between parties."

Another message of San Antonio is that for either party, promises are no longer enough. Women are looking for a commitment not only to women's issues but also to women candidates. Women's organizations are now stressing that the gender gap will be an opportunity lost unless women back up the opinion polls with their votes, and that message is getting across. Last April a coalition of some 40 major groups, including the League of Women Voters and the American Association of University Women, announced a major drive to register women voters.

Will the gender gap translate in the next election into increasing votes for women themselves? Nobody knows yet, but that is certainly what politically active women have in mind. In 1971, there were 15 women in Congress, 362 women in state legislatures and seven mayors of cities with a population of 30,000 or more. Now, the numbers are 24 in Congress, 992 in state bodies and 76 mayors. Women are no longer ready or willing to swoon into the arms of the nearest male defender. Democrat or Republican. "What's different now," says Schneider, "is that we are looking to ourselves." —*By Jane O'Reilly*

Farmers Are Taking Their PIK

Mixed results from a plan to aid growers who don't grow

Across America last week, the nation's farm land had a bizarre new look. In Kansas, large brown patches of stubble-studded earth interrupt shimmering golden carpets of ripening winter wheat. In Nebraska, idle center-pivot sprinklers stand like outsize scarecrows over many once verdant cornfields. In California, more than half of the acreage normally devoted to rice lies uncultivated. The cause of the crop cutback is not drought or disaster but a new federal program that rewards farmers, partly in cash and partly in grain and cotton, for taking large tracts of land out of production. Called payment in kind (PIK), the program aims to invigorate the wilted farm economy by reducing bin-busting surpluses, driving up depressed prices, cutting Government costs for farm subsidies and grain storage, and saving farmers production expenses. Alas, at mid-season the results of the ingenious new program are mixed.

Between a wheatfield and a fallow place: Kansas Farmer Lester Ewy views payment-in-kind plot

Some dwindled stockpiles, some higher prices, but complaints about poor administration.

PIK prompted farmers to remove from production 82.3 million acres of wheat, corn, sorghum, cotton, barley, oats and rice, amounting to 36% of all eligible crop land. The U.S. Department of Agriculture estimates that farmers planted only 60.1 million acres of one major crop, corn, down 27% from last year and the lowest level since 1878. Even with the acreage reductions, however, the nation's winter-wheat crop, planted last September and now in the midst of being harvested, is estimated at 1.94 billion bu., the third best crop ever and down only 8% from last year. Farmers in 13 states will bring in larger wheat crops than last year. The reason: record yields, a predicted average of 40.7 bu. of wheat per acre nationwide, up more than 10% from 1979. Says Kansas Farm Bureau President John J. Armstrong: "Yields are looking so good out here that we'll harvest nearly as much winter wheat in Kansas as last year on 1.5 million fewer acres."

As a result, wheat stockpiles are actually expected to grow this year. For every other commodity, however, PIK appears to be succeeding in drawing down the enormous surpluses. The USDA predicts that the unsold carryover of feed grains, mostly corn, may dwindle from 3.4 billion bu. to 2 billion bu. by the end of the year, a reduction of about 40%. Rice stocks are expected to be cut by almost half, from 68.2 million cwt. (hundredweight) to 36.3 million cwt. "Without PIK, we would have had a market glut like we've never seen," says Agricultural Economist Barry Flinchbaugh of Kansas State University. "It would have been a hell of a mess."

Prices have inched up since PIK was announced last winter, but not necessarily as a result of the program. Corn jumped from $2.36 in January to $3.15 this month, primarily because farmers held so much of their 1982 crop off the market that buyers had to bid up the price to get the available supplies. Cotton prices have risen nearly 10¢ per lb. this year, mostly because of bad weather. Eventually, however, reduced supply should strengthen prices and put more money in farmers' pockets. "The confidence level is better," says Tractor Dealer Bob Kennon of Tifton, Ga. "People are more optimistic about the fall harvest than they've been in two years."

When farmers signed up for PIK last spring, they received vouchers redeemable at harvest time for grain from Government-controlled storage. The amount varied from 80% (in the case of corn) to 95% (in the case of wheat) of what they would normally produce on their idled plots. After redeeming the vouchers, the farmers are free to sell the gratis grain or use it as livestock feed. "PIK sure looked sweet to me," says Kyle Bauer, who idled 700 acres of his 1,700-acre farm in northeastern Kansas. "I can give my ground a rest and still get a return on it."

Many farmers, however, are piqued with PIK. They cite poor administration, the possibility of getting paid with inferior grain and a timetable that sometimes forces farmers to sell at deflated prices. "The biggest concern I have is the quality of corn they are shipping in," says Alabama Farmer Bill Sanders. "Some of it is as much as two or three years old. I may have to buy hogs to get rid of it."

Texas rice farmers will receive medium-grain California rice for their PIK entitlements because there is not enough of the more marketable long-grain variety to go around. Worse, the shipments will arrive at the beginning of August when the market is flooded with rice. Cash-hungry farmers will have to sell at the lowest price of the season. "These old boys need greenbacks right away," says Rice Farmer Wayne Wilber. "They won't get nearly as much as they would if they got their entitlements later in the season."

Despite PIK's problems, the Government insists the program will save taxpayers $9 billion in storage costs and other outlays in fiscal 1984 through 1986. The savings pale, however, next to the estimated $21.2 billion that will be spent this year on farm price supports, five times the outlays of fiscal 1981. Says Agriculture Secretary John Block: "The costs that we are looking at today really are unacceptable." In preparation for redrafting the current farm bill, which expires in 1985, Block last week convened a two-day, closed-door "summit" of farm and agricultural business leaders to thrash out long-range methods for cutting costs and surpluses and aiding farmers. High on the agenda: the nation's sinking share of farm export trade, resulting from a strong dollar, world recession and stiffer competition from overseas.

For the short term, the Administration is pushing Congress to freeze "target prices" (the prices that determine the amount of a farmer's cash subsidy) for grain and to lower dairy price supports. Until Congress agrees, Block is delaying the announcement of the specifics of the 1984 PIK program for wheat. In the meantime, PIK appears to be the only game in town. "This miserable PIK program is designed to keep the poor buggers in farming alive," says Scott Hanson, administrator of the Washington Wheat Commission in Spokane. "Until someone comes up with a better idea, we're stuck with it." —*By Susan Tifft. Reported by Gisela Bolte/Washington and Lee Griggs/Chicago*

Any Way Out Of the Circle?

Foreign policy worries mount

As a presidential campaign draws near, every U.S. Administration makes an extra effort to produce some evidence of progress in dealing with its main foreign policy difficulties. But for the Reagan Administration, the rest of the world is proving decidedly uncooperative. The Administration, indeed, seems trapped in a period of what might be called circular frustration: policymakers go round and round on the same old problems.

On the central issue, relations with the Soviet Union, there has been what one top diplomat called "a whiff or two of movement" from Moscow of late. But the movement seems isolated in such secondary areas as a human rights agreement at the marathon conference in Madrid (*see* WORLD). In the far more important arena of nuclear-arms talks, new details of a Soviet proposal seemed to emphasize rather than ease a continuing deadlock. In the Middle East, U.S. diplomacy has stalled severely. Late last week the White House had not even received official confirmation that Israeli Prime Minister Menachem Begin would keep a long-scheduled date to visit Washington next week. In Central American policy the Administration, snubbed in an effort to open negotiations with the leftist guerrillas in El Salvador, is concentrating instead on negotiating with its Democratic opposition in the House, so far with uncertain prospects. The troublesome details:

U.S.-SOVIET RELATIONS. In the Geneva Strategic Arms Reduction Talks (START), the Soviets filled in some numbers on the limits they would accept on particular categories of nuclear weapons in order to carry out a 20% cut in overall numbers of missiles and bombers that they had proposed earlier. Key figure: the U.S.S.R. would reduce its force of intercontinental land-based, multiple-warhead missiles to 700, from the 820 it is permitted under the unratified SALT II treaty

West German Foreign Minister Genscher conferring with Reagan at the White House

The next visitor, Lebanon's Gemayel, will find his hosts red-faced and empty-handed.

On close examination, however, the Soviet proposal amounts to little flexibility. The U.S. has been pressing for deep cuts in heavy land-based missiles. But the Soviet proposal would allow Moscow to keep all of its SS-18 and SS-19 monsters, the two heaviest classes of missiles that Washington fears most. Worse, the Soviets are still threatening to walk out of START unless the U.S. cancels the deployment of Pershing II and cruise intermediate-range missiles in Western Europe that is to begin in December, and to take military "countermeasures." British experts believe that this could mean the stationing of Soviet cruise missiles in East Germany, Czechoslovakia and Hungary.

Stymied at Geneva, the U.S. has been seeking other talks with the Soviets. Secretary of State George Shultz, in a recent memo to the President, argued that expanded contacts could now be pursued, since Reagan's military buildup had put him in a position to negotiate from strength, and that failure to seek better relations with Moscow would only enhance Reagan's reputation as a dangerous hardliner. Visiting with the President in Washington last week, West German Foreign Minister Hans-Dietrich Genscher reiterated the enthusiasm of Chancellor Helmut Kohl, who met with Soviet President Yuri Andropov in Moscow two weeks ago, for a U.S.–U.S.S.R. summit

Shultz has intensified private talks with Soviet Ambassador to Washington Anatoli

Low Priority

The U.S. public as a whole, it appears, neither knows much about the Reagan Administration's policies toward Central America nor considers them a prime election issue. But among the relatively few who did register firm opinions in a poll of voter attitudes taken for TIME by Yankelovich, Skelly and White Inc., the convinced opponents of the President's positions outnumbered his strong supporters.

More than half of the people* questioned said they knew either "very little" (42%) or "nothing" (10%) about the situation in Central America. Another 42% said they knew "a moderate amount," while a mere 6% believed themselves to be well informed. Only 41% said that policy toward Latin America would have "a lot of influence" on their support for a presidential candidate in 1984, ranking it next to last in importance among 15 potential issues about which they were quizzed (abortion was 15th, at 40%).

*The survey polled 1,007 registered voters by telephone from June 27 to 29. The sampling error is plus or minus 3%.

Respondents divided about evenly on the Administration's policy of sending financial aid and military advisers to El Salvador. Some 37% were in favor, 40% opposed and 23% uncertain. But even those who had an opinion were generally not very sure of it. Only 29% of those opposed to the President's policy said they were likely to stick to their position; only 17% of those in favor were firm.

There was very little public support for American aid to the *contra* guerrillas battling the Marxist government of Nicaragua. Only 25% of those polled judged this policy to be "doing the right thing." This group trailed not only the 44% who deemed aid to the *contras* "wrong," but also the 31% who were unsure. In addition, only 22% of those favoring the policy said they were unlikely to change their minds, *vs.* 30% of the larger number against.

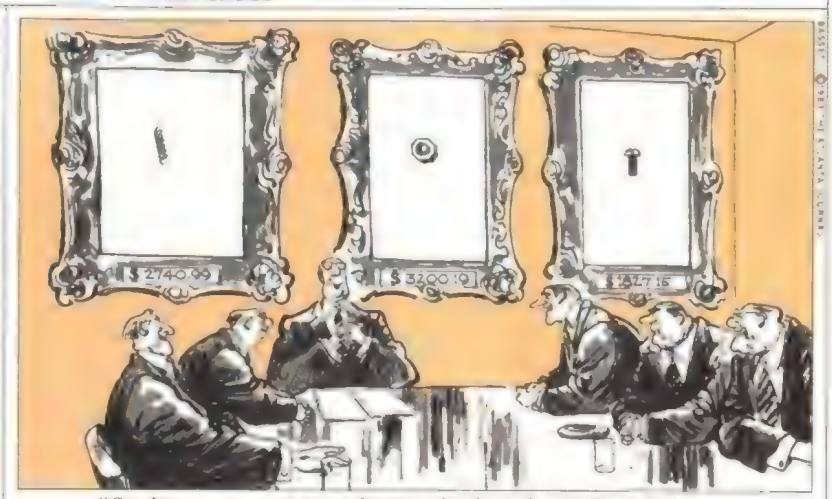
On one Central American question, opinion was clear and decisive. Some 67% of those polled were against sending U.S. troops to El Salvador, even as a last resort, and 51% of these opponents doubted that their view would change. Only 22% approved a commitment of American troops, and a mere 32% of this minority were resolute in their opinion.

Dobrynin that were resumed about six months ago. The implicit, ultimate purpose: to explore an agenda for a possible summit conference. So far, the Shultz-Dobrynin chats have produced little. Nonetheless, so-called confidence-building measures are thought to be worth trying. Shultz has proposed four. The Soviets have agreed to an upgrading of the Washington-Moscow hot line, but have rejected or given a lukewarm response to the other three measures: establishment of secure communications links between U.S. and Soviet military forces, a kind of diplomatic beeper system to give each country's ambassadors quick access to top government officials in a crisis, and cooperation against nuclear terrorism.

MIDDLE EAST. The Administration, red-faced and empty-handed, is awaiting a visit by Lebanese President Amin Gemayel this week. Gemayel has complained bitterly that a scheduled reshuffling of Israeli forces in southern Lebanon appears to be a preparation for a long occupation. The U.S. can offer nothing but sympathy. Having persuaded Israel to pull its troops out of Lebanon if Syria would do the same, and then having failed to budge Syria an inch, Washington has little leverage on Jerusalem to stop the redeployment. Gemayel is expected to ask at least that American Marines from the international peace-keeping force around Beirut be restationed to face Syrian troops in the Chouf mountains. The Administration will reply that Congress would be loath to permit that. The U.S. hopes French troops from the peace-keeping detachment will take on the job.

CENTRAL AMERICA. Special Envoy Richard Stone will soon return to the area, still ready, insist State Department officials, to meet leaders of the El Salvador guerrillas. But since a meeting has proved elusive, attention is turning to negotiations on Capitol Hill. Seeking to head off a congressional move to halt covert U.S. aid to the *contra* forces aiming to overthrow the Marxist government of Nicaragua, the Administration is offering a compromise: aid to the *contras* would cease if Nicaragua stops supplying arms to, and maintaining command centers for, the insurrection in El Salvador.

Picking up a congressional idea, the White House this week may create a bipartisan commission to examine all aspects of Central American policy. Explains one Administration strategist, in an explosion of metaphor mixing: "The Democrats don't want to be painted into the scapegoat's corner if it [Central America] goes down the drain. And the White House doesn't want to be the lonely hawk. So there may be a merging of interests in the commission idea." Perhaps, but at best the Administration is fighting a holding action, in Central America and in Congress. —***By George J. Church. Reported by Laurence I. Barrett and Johanna McGeary/Washington***



"Gentlemen, our spare parts division, thanks to the Air Force and Navy, has given us another banner year."

Cost Bombshells

Exploding spare-part prices

At a time when President Reagan is fighting with Congress over his record military budget, whistle blowers in the Pentagon are continuing to sound alarms about the wasteful way past funds have been spent. Last fall a leaked report, prepared by Air Force auditors at Oklahoma's Tinker Air Force Base, showed astounding increases in the price of aircraft engine parts made by Pratt & Whitney: a turbine air seal for an F-111 fighter-bomber, for example, soared from $16 to $3,033.82 in one year. These findings touched off a broader study by the Pentagon's inspector general's office. Last week a leak of the resulting draft concluded that Air Force and Navy purchasing practices encourage exorbitant price increases on aircraft engine spares.

The inspector general examined price increases from 1980 through 1982 for nearly 15,000 aircraft engine parts and discovered about 65% of the prices had risen by more than 50%; 4,000 items had ballooned by more than 500% and some by more than 1,000%. A gear-and-pinion assembly supplied by Bendix Corp. jumped from $31.59 to $546, a rise of 1,628%. A spare part from Britain's Rolls-Royce was marked up from $3.70 to $54.75, an increase of 1,380%. Inflation over this period was 28.9%.

The report blames the price hikes not only on the suppliers but on Pentagon purchasing agents for failing to insist on greater competition among parts manufacturers, and for not reforming contracting procedures to prevent absurd markups. In practice, Pentagon agents tend to prefer "sole source" contracts with a major manufacturer, who will acquire the parts from subcontractors and take a profit as middleman. When bids on parts are sought, the Pentagon's buyers often deem the competition "adequate" even if the only "bidders" are the prime contractor and one of its subcontractors, whose business often depends upon remaining on good terms with the larger company. Furthermore, the report contends, Pentagon buyers are reluctant to permit new sources of parts from breaking into the circle of approved suppliers.

Such practices have been condoned, the Pentagon report contends, in part because purchasing agents are judged by their superiors mainly on the speed and quantity of the purchases they make. "Cost is not a major consideration," concluded the inspectors.

A similar admission came last week from John Melchner, director of the Pentagon's Defense Audit Service, to a House subcommittee. He testified that Navy purchasing officers "are pushed to get parts as soon as possible," even if it means bypassing the Pentagon's inventory. For instance, the Navy paid the Sperry Corp. $110 for each diode used in an F/A-18 fighter-bomber flight simulator, even though the diodes were available from the Pentagon's own spare-parts stockpile at 4¢ each. The apparent reason for this expensive shortcut: unwillingness to order through the cumbersome military bureaucracy. Declared Democratic Congressman Nicholas Mavroules of Massachusetts: "This is an abominable situation."

Thanks to yet another whistle blower, it is now known that even the cost of the one-inch-square plastic caps that the Air Force fits on the legs of stools used by navigators in B-52 bombers and other aircraft has flown as high as the planes. This became public knowledge when a maintenance crew chief at Tinker Air Force Base got angry because one cap cost more than his monthly base pay. Each cap should cost about 25¢, according to an estimate by Air Force analysts. The price the Pentagon was paying Boeing: $1,118.26. After switching suppliers, the Air Force now pays $4 for each cap. ■

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This frugal diesel is meanwhile the most *powerful* such engine yet placed in a production automobile. Old images of "diesel lag" are obliterated in a turbinelike rush of energy and brisk acceleration, generated by a built-in turbocharger.

Five adults will find themselves extremely well cared for aboard the 300 SD. Its interior is almost 109 cubic feet worth of first-class repose, outfitted with only first-class amenities.

Yet so disciplined is its design that the car is less than 17 feet long and turns within just 39 feet. At 3,780 pounds, it is neither ponderous nor flimsy but athletically trim.

Its all-welded body achieves remarkable solidity and strength in part by using high strength, low alloy steels. Both the trunk lid and hood are fabricated in aluminum–part of the engineers' relentless quest to pare off weight wherever possible.

Not for boulevards only

If the 300 SD doesn't perform like the usual diesel, neither does it handle like the usual limousine in the clutch.

Mercedes-Benz, refreshingly, assumes that even company presidents must sometimes face switchback curves, slippery spots and potholes. The 300 SD is girded for such adversity: its fully independent suspension, zero-offset front suspension geometry and forged light-alloy wheels may be less showy than opera windows or carriage lamps.

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120 safety features

Passengers are hardly ignored. Twin reading lamps are recessed in the rear of the cabin. There is even a separate ventilation console to serve the rear-seat occupants. The complement of standard features includes electronic cruise control, electric window lifts and front-seat adjustment, AM/FM stereo radio/cassette player with four speakers, and trimming in genuine hand-finished woods. No fewer than 120 safety features are also standard.

The 300 SD's history of value retention outstrips that of any luxury sedan extant. In fact, the *N.A.D.A. Official Used Car Guides* for 1982 calculate an average retained value for the 300 SD, over the past three years, of 90 percent. This helps place its $38,000 price in proper perspective.

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There is one final argument for bringing a Mercedes-Benz 300 SD Turbodiesel Sedan into the firm. While efficiently serving the firm, it serves also as a fine advertisement–identifying your company as progressive-minded, and sensible, and shrewd. What limousine has ever made a statement quite like that?

*Approximate suggested advertised delivered price at port of entry. **EPA estimate for comparison purposes. The mileage you get may vary with trip length, speed and weather. †This is, of course, a limited warranty; you should consult your authorized Mercedes-Benz dealer for full details.

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Flawless Rescue

How a kidnaping was foiled

The FBI agents waited and watched for days outside a rundown apartment building in Washington, D.C. Finally, at 10 p.m. last Thursday, their chance came. Clelia Eleanor Quinonez, 53, surrounded by three of her captors, walked out of the building and across the street to a phone booth, where she was to call her husband and assure him that she was unharmed. The agents moved in swiftly, arrested the trio and freed Quinonez, the wife of a former Salvadoran ambassador, who had been kidnaped from her home in Florida a week earlier. "I was flabbergasted," she said, praising the FBI's flawless rescue, which was executed before any ransom was paid. "It was just like watching TV, like Eliot Ness."

A gang of Central Americans and Americans was allegedly responsible for the kidnaping. Three of them had waited in the bushes to grab their victim as she pulled her Mercedes into the driveway of the Quinonez home in the wealthy Miami suburb of Coral Gables. They then drove her to the hideaway in Washington. Calling from telephone booths in Miami and Washington, they negotiated with her husband, Export-Import Dealer Roberto Quinonez Meza, for a ransom of $1.5 million. Disobeying the kidnapers' orders, Quinonez had notified the FBI the first day of the abduction and had taken calls from the kidnapers in the FBI's Miami field office. By wiretapping the calls, the bureau was able to pin down the location of the hideaway. When the kidnapers acceded to his demands that his wife call him from an outside telephone to prove that she was still alive, the FBI trap was set.

Quinonez

By late last week ten suspects had been arrested, including a low-level Guatemalan diplomat, eight people from the Washington area and two Miami residents. Dora Ileana Caceres, 32, third secretary in the Guatemalan mission to the Organization of American States, her husband Juan, a businessman, and her nephew were arrested after her diplomatic status was rescinded by Guatemala following consultations with the State Department.

The Quinonezes were members of the "14 families," the wealthy oligarchs who controlled El Salvador's economy and military until 1979. Roberto Quinonez Meza was Ambassador to the U.S. from 1977 to 1979, when General Carlos Humberto Romero was overthrown in a coup. Quinonez moved to Miami, where he has been outspoken in opposition to Communism in Central America. But the FBI was skeptical that the kidnaping was politically motivated. ■

Studds leaving the Capitol after speech

Housecleaning

Reprimands asked for two

The House Ethics Committee declared seven months ago that, although it was continuing to investigate, it had been unable to document accusations, made by two Capitol Hill pages, of sexual liaisons between Congressmen and their teen-age gofers during 1981 and 1982. Washington greeted the finding with understandable relief—prematurely. Last week the Ethics Committee recommended that the full House "reprimand" two Representatives, Democrat Gerry Studds of Massachusetts and Republican Daniel Crane of Illinois, for having had sex with pages in 1973 and 1980, respectively.

A reprimand—an official statement of disapproval—is the House's mildest form of punishment for serious misconduct by members. The committee found that in both cases the sex had not been coerced. Still, it made the obvious point that "any sexual relationship between a member of the House of Representatives and a congressional page, or any sexual advance by a member to a page, represents a serious breach of duty." Given the "special responsibility" of Congress toward the young, vulnerable pages, said Joseph Califano Jr., special counsel to the committee, which is also probing drug use on the Hill, "only one standard of conduct can be appropriate."

Both Congressmen admitted their misconduct. Studds' dalliance occurred a decade ago with a 17-year-old boy, just after the Congressman's election to the House. Last week, in an extraordinary speech on the House floor, he confirmed unapologetically what had long been rumored—that he was a homosexual—and granted that he had made "a very serious error in judgment" in sleeping with the page.

Studds, who is unmarried, said only that he was wrong to have had sex with a congressional subordinate, no matter what the page's age or sex. "It is not a simple task for any of us to meet adequately the obligations of either public or private life," Studds told his rapt colleagues. "But these challenges are made substantially more complex when one is, as am I, both an elected public official and gay."

According to the special counsel's report, Studds first invited the page to his Georgetown apartment, and then later that summer took the boy on a two-week trip to Portugal. The ex-page testified that he bore no ill will toward Studds.

Congressman Daniel Crane, 47, in a brief written apology, said, "I'm sorry that I made a mistake. I'm human, and in no way did I violate my oath of office. I only hope my wife and children will forgive me." Crane, a dentist from Danville, came to Capitol Hill in 1979. A year later, he and a female House page, then 17, had sex four or five times at his suburban apartment. The page, testifying that she "found the Congressman as an older man very attractive," admitted that she was "perhaps more responsible for the sexual relationship than he was."

The probe found that James Howarth, who had supervised the House pages until last December, when he was given other duties, had had sex in 1980 with one of his 17-year-old female wards. The report also accused Howarth of buying cocaine in the House's Democratic cloakroom, possibly from another House staffer. Howarth contests the charges. The probe into drug use is continuing.

Crane

Studds, regarded by many House colleagues as a most effective member of the Massachusetts congressional delegation, says he will "of course" serve out his term. In fact, many of his constituents seemed surprisingly supportive last week. Said Boston Political Consultant Michael Goldman: "Now that he is out of the closet, he could become even more effective." The prospects are less clear for Crane, the brother of Illinois Representative Philip Crane, who sought the 1980 G.O.P. presidential nomination. "This does not fit the image Dan Crane has tried to portray," says Danville Lawyer Tom Lindley. "This makes it less likely he'll run for re-election." On Saturday, Crane said he would not resign. His press secretary, William Mencarow, suggested the entire matter was no big deal. "If we required the resignation of all Congressmen who slept with young ladies," he said, "we wouldn't have a Congress." He later apologized for the observation. ■

Special Service?

Information was being passed

"No one in the White House is twisting in the wind."

With that self-inflicted reminder of the Watergate era—echoing advice by John Ehrlichman to John Dean that L. Patrick Gray should be left to "twist slowly, slowly in the wind" rather than be quickly confirmed by the Senate as FBI director—President Reagan last week tried to reassure anxious former campaign aides. He was suggesting that none will be fired from his present position because of the tempest over how his staff secured Jimmy Carter's debate briefing book in 1980.

According to Reagan's friend Senator Paul Laxalt, the President had specifically said in a private meeting that James Baker, his chief of staff, was "secure" in his job. Baker has admitted seeing the briefing papers. Other White House sources said that the President also retains his confidence in Budget Director David Stockman, who used the Carter book to rehearse Reagan for the debate. Just where that leaves CIA Director William Casey, Reagan's 1980 campaign manager, who has obliquely denied having given the papers to Baker, as Baker claims he did, was not as clear. Washington press pundits continued to speculate last week that either Baker or Casey, who represent rival political factions among Reagan's top advisers, will have to be sacrificed after FBI and congressional investigators complete their separate probes of the briefing-book caper. One top aide, perhaps self-protectively, predicted, however, that "everyone will keep his head."

Despite news reports that Reagan's staff was "paralyzed" by preoccupation with the Carter papers fuss, Baker in particular was carrying out a busy schedule of normal White House business last week. Indeed, the staff was settling back into a state of near normality. In the Reagan Administration, however, it is normal for the Baker-Stockman wing of advisers and those led by Casey, Presidential Counsellor Edwin Meese and National Security Adviser William Clark to eye each other with considerable suspicion.

DIANA WALKER

CIA Director William Casey

Actually, the heat may now shift from Baker to Casey. TIME has learned that, as rumored, Casey did indeed set up a political intelligence-gathering apparatus for the Reagan campaign. But it was not simply a casual use of retired military officers asked to stay alert for any U.S. aircraft moves that might signal the Reagan camp that Carter was about to gain the freedom of the U.S. embassy hostages in Iran—the "October surprise" that Reagan's political aides feared. Instead, cooperative former agents of both the FBI and the CIA were used to gather political information from their colleagues then still active in the two agencies. However it may have happened, Carter, in his first substantive comment on the affair, said last week that the Reagan camp got hold of "the most sensitive political documents we had," revealing "the essence of our campaign."

TIME's sources would not reveal just what type of information was acquired, although they contend that Reagan campaign aides were pleased to get and use it, so long as they could not be linked with how it was obtained. Casey, proud of his reputation as an overseas agent for the World War II Office of Strategic Services, was described as virtually the only Reagan campaign adviser willing to risk recruiting former FBI and CIA agents to provide information for political purposes.

Casey had one trusted aide who other campaign workers suspect had a role in the intelligence network. He is Max Hugel, a millionaire merchant later appointed by Casey as his top CIA deputy in charge of covert operations. Hugel resigned from the agency in July 1981, after he came under fire for his previous business dealings and his lack of visible qualifications for his high CIA post. At the same time, Casey was widely criticized for having chosen Hugel.

Oddly, it appears that the FBI, which on June 29 was ordered by the Justice Department at President Reagan's direction to take full charge of the investigation into how the Carter papers reached Reagan's campaign staff, might not have to inquire how its own agents may have been involved in helping the Reagan campaign. Under guidelines drawn up by Attorney General William French Smith, the FBI is directed to determine only whether any Government property was, in effect, stolen in the transfer of Carter papers (including some National Security Council documents) to the Reagan staff. The clandestine passing of information by FBI or CIA agents to Casey or Hugel would not fall within the theft statutes, although any divulging of classified information could, of course, be considered a possible crime.

Hugel could not be reached, but he has told associates that he was not involved in any political spying operation. Casey responded to TIME's inquiries about the allegations of his having organized intelligence activities during the 1980 campaign with an official statement released by a press aide. It said: "No such thing was ever authorized by or known to any senior officials in the Reagan-Bush campaign. I don't think it ever happened." ■

Fast Fade

Case of the vanishing tapes

In death as in life, Vicki Morgan showed a tawdry penchant for causing discomfort in high places. Last year the sometime model, then 29, filed a $5 million lawsuit against Ronald Reagan's multimillionaire friend and adviser Alfred Bloomingdale, contending that he had promised to support her in return for having been his mistress for twelve years. She lost the suit, Bloomingdale died of cancer, and a mortified White House may have thought it had heard the last of her. But last week, after Morgan had been found bludgeoned to death in her North Hollywood apartment and her roommate, Marvin Pancoast, 33, had confessed to the crime, her memory made new, still seamier headlines.

Steinberg

Beverly Hills Lawyer Robert Steinberg purported to have three videotape recordings of "sadomasochistic [sexual] acts" involving Morgan and Bloomingdale, as well as a Congressman, two Reagan-appointed officials of less than Cabinet rank, two businessmen and several other women, all unidentified. Steinberg, who has no official role in the Morgan case but who has a reputation as a frustrated self-promoter, said a woman identifying herself as a friend of Morgan's killer had appeared in his office with some 40 minutes of videotape in a Gucci bag.

The next day, after Los Angeles police and a deputy district attorney told Steinberg not to destroy the tapes, he called the D.A. back to say the tapes had been stolen from his office. Twenty-four hours after the theft supposedly occurred, Larry Flynt, publisher of the raunchy *Hustler* magazine, said he had made a deal to buy the tapes for $1 million but that Steinberg reneged. Steinberg denied any deal.

At week's end the tapes as well as a number of Steinberg's other claims remained elusive, if not illusory. He said that his wife called the Justice Department, but she disclaimed any knowledge of it. On Friday, Beverly Hills police formally recommended that the district attorney charge Steinberg with filing a false theft report. Even before the police finding, Chief Deputy District Attorney James Bascue sounded angry: "I think it's about time we get Mr. Steinberg out of the press conference and into a court of law." Steinberg has been ordered to appear in Los Angeles municipal court next Monday with the tapes. ■

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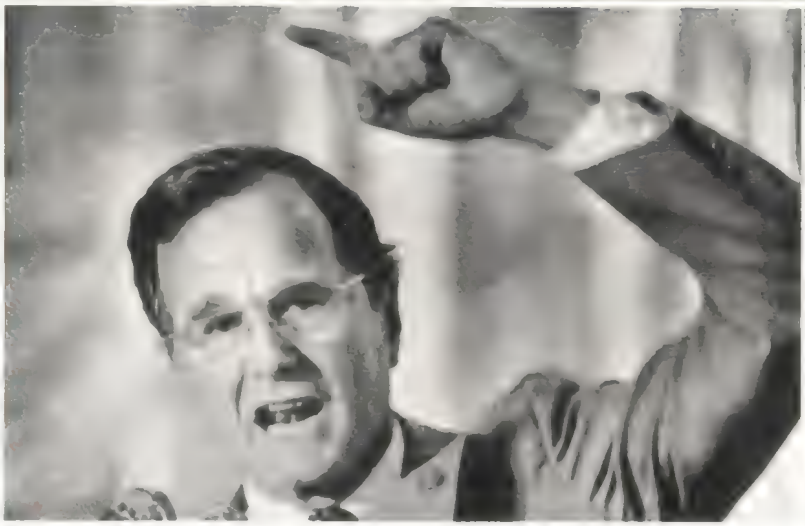

Facing a hostile N.A.A.C.P. convention, Bush defends Reagan's civil rights record

Suddenly It Was All Action

To counter criticism, a volley of civil rights initiatives

The public courtship began last month, when Assistant Attorney General William Bradford Reynolds toured the black communities in the rural Mississippi Delta to check into voting discrimination. With Jesse Jackson as his guide, the patrician Reynolds dined on catfish sandwiches and grits, listened to horror stories and, holding Jackson's hand, sang *We Shall Overcome*. Then he returned to Washington and dispatched federal registrars to five Mississippi counties to register voters. It was a symbolic journey in a presidential campaign season: Reynolds, head of the Justice Department's civil rights division, has been a key target of black leaders who have complained for the past two years that the Reagan Administration has been delinquent in enforcing civil rights laws.

The trip was just a start. Suddenly last week there was action everywhere as the Administration moved to counter increasing criticism from blacks and Hispanics.

Monday. The Justice Department launched the Administration's first school-desegregation suit, charging that Alabama has maintained a system of racial discrimination at its public colleges and universities. In blunt language, the suit filed in U.S. District Court in Birmingham alleged that Governor George Wallace and state education officials "perpetuate an unlawful dual system of higher education based on race." The Justice Department will also soon file suits against two school districts.

Tuesday. Major new amendments to the Fair Housing Act of 1968, touted by Reagan as "an important step for civil rights," were unveiled. They are designed to give the Justice Department more power to use the federal court system to fight individual cases of discrimination. The legislation aims to increase the number of cases settled through conciliation and the number filed by the Government against brokers, landlords and rental agents. It would also set stiff new fines, up to $50,000 for first-time offenders. Reagan's bill will compete in Congress with an existing fair-housing bill supported by most civil rights groups.

Wednesday. The Justice Department petitioned federal courts to intervene in two suits charging that redistricting plans in two Mississippi counties are racially discriminatory. The move could delay elections scheduled in Bolivar and Adams counties on Aug. 2. The department is also considering court action in eleven other counties.

Thursday. The President signed an Executive Order calling upon each federal agency with substantial procurement and grant-making authority to develop annual plans to assist minority businesses.

Friday. The Washington *Post* published a letter from Attorney General William French Smith, angry about an editorial in the paper that suggested the Administration's "spurt of activity" was prompted by a calculated worry about the 1984 campaign. Protested Smith, citing Justice Department efforts to fight racial discrimination: "Since January 1981, we have been vigorously enforcing civil rights laws."

Many civil rights leaders and members of Congress remained unconvinced, or openly cynical. They promptly criticized the President's fair-housing measure for omitting an element of the competing bill that they see as a key to enforcement: the creation of a system of administrative law judges to avoid the overcrowded federal court system. Complained Ralph Neas, executive director of the Leadership Conference on Civil Rights: "They will have to come in with more than show." Critics point to the President's performance: his hesitancy to endorse the extension of the Voting Rights Act, his initial support of tax exemptions for schools, like Bob Jones University, that discriminate on the basis of race, his bid to abolish the Legal Services Corporation, and his attempts to pack the Civil Rights Commission, which had lambasted his "poor" record, with philosophically conservative appointees.

The Senate Judiciary Committee held fiery confirmation hearings last week on Reagan's nominees to replace the trio of commissioners he fired in May. The nominees are Morris Abram, former president of Brandeis University; John Bunzel, a research fellow at the Hoover Institution at Stanford University; and Robert Destro, a law professor at Catholic University. They all share Reagan's opposition to school busing and quotas.

Democratic Senator Joseph Biden of Delaware said he would not vote for the three so as to protest the "horrible signal" he feels Reagan is sending that the semi-independent commission can be stifled by a President who does not like its opinions. Other critics suggested that the Administration's actions were a smokescreen to cover its attempt to castrate the commission's strong voice.

If Reagan is trying seriously to neutralize black hostility, or at least appear fair-minded to concerned white voters, he has a long way to go. At the annual convention of the National Association for the Advancement of Colored People in New Orleans last week, Vice President George Bush faced a hostile reception when he tried to defend the Administration. The audience booed Bush, who conceded, "We've made errors in judgment. But when we've seen that we're in error, we've moved to correct our mistakes."

DORR YOUNG

Hooks: an open warning

Nonetheless, N.A.A.C.P. Executive Director Benjamin Hooks, who has overcome the recent divisiveness and consolidated his power in the nation's largest (348,000 members) civil rights organization, issued an open warning to Reagan: "Unless you change your course and show more concern for our interest, we will meet you at the ballot and there, in the classic American fashion, we will express our dissatisfaction." Summed up Joseph Madison, director of the N.A.A.C.P.'s voter education and registration department, whose goal is to add some 2 million new voters to the rolls by Election Day 1984: "Politics is a dog-eat-dog business. Black folk can't afford to be the bone any longer, buried by one dog and chewed up by the other." —*By Maureen Dowd. Reported by Anne Constable/Washington and John E. Yang/New Orleans*

Asarco smelter's 565-foot smokestack, a source of arsenic, looms behind nearby homes

Tough Decision for Tacoma

The EPA poses a choice between cancer risks and jobs

Joggers in Point Defiance Park near Asarco Inc.'s mammoth copper-smelting plant sometimes complain that they can taste the air on windless days. With 575 workers, the 80-acre smelter, operated by Asarco since 1905, pumps some $35 million annually into the Tacoma, Wash., area economy. Unfortunately, the smelter pumps out arsenic, a deadly cancer-causing poison that is released directly into the atmosphere as a byproduct of copper refining. Last week EPA Administrator William D. Ruckelshaus announced details of a new federal air-quality standard for arsenic emissions. However, he left open a tough choice between a reduced but still clear risk of cancer for Tacoma residents and the loss of hundreds of jobs if the plant shuts down. Ruckelshaus' solution was a radically new departure in environmental policy: ask the community to help make the decision.

Ruckelshaus called on Tacoma to hold public meetings on the issue next month, with EPA officials participating. Said he: "People need to hear more of what the administrator of this agency hears from the scientists: mainly, that we have a lot of gaps in our knowledge. Most people think the facts are clear, but it is often true that there is enormous dispute over what the facts are. And we just can't sit there and let nature take its course."

The action represents more open-mindedness on the part of the EPA, which in the past has generally invited public discussion only after policy decisions have been made. Nonetheless, some environmentalists viewed the new approach as the kind of morbid cost-benefit analysis they have long opposed. Western Washington University Professor Ruth Weiner said that asking the community to determine what is best is "economic blackmail. People will vote for jobs and cancer." Warned Richard Ayres, head of the National Clean Air Coalition: "You're balancing money and lives, and they just don't balance."

The arsenic-emissions standard proposed by EPA and slated for public discussion primarily affects the Tacoma smelter, which is the only U.S. plant using arsenic-rich copper ore imported from the Philippines. The proposed standard requires the smelter to install the best available technology to lower its overall arsenic emissions to 189 tons per year from the 310 tons that annually belch from its 565-ft. smokestack and seep from other parts of the plant. Asarco is already spending $4.4 million to install hoods that should cut back emissions to precisely those levels. Despite these safeguards, Ernesta Barnes, EPA's Northwest regional administrator, maintains that "arsenic is toxic at any level" and Asarco's new hoods will "still result in emissions in the air." Counters Larry Lindquist, the smelter's plant manager: "We don't think cancer deaths can be related to the plant. There's been no proof that these emissions cause health problems."

Indeed, the precise threat of lung cancer, which takes from 13 to 50 years to manifest itself, is poorly understood. Says Stan Neff, 53, who has worked at Asarco for 18 years: "I've lived around here all my life and I'm not concerned about any health hazards. It's a lot better than it was 50 years ago." But Darcy Wright, a Tacoma homemaker who lives a mile from the smelter, worries about raising her four-month-old son. Says she: "Somehow I'm going to have to provide him with a protected area." Summed up Ruckelshaus, who stressed that he alone will make the final ruling: "The only way I know how to do it is to open it clear up. Let every bit of information we have out, and let the public wrestle with it the same as we do." ■

College Credit

A squeeze on loan deadbeats

During the past 25 years, millions of students have received Federal Government loans to help defray their college expenses. But 1.5 million of them have since flunked a morality test: they have failed to repay their debts, leaving Uncle Sam holding the bag for $1.8 billion. Last year Education Department officials used a computer search to identify 46,000 federal employees among the defaulters. Result: 5,000 promptly anted up $2.3 million. Now the remaining 41,000 are being told they must pay up in 30 days or their wages will be garnisheed at the rate of 15% per paycheck (25% if they sue the Government and lose). To pressure nonfederal debtors, the Government is negotiating a plan with credit bureaus that would place a black mark on the credit ratings of citizens who are lagging in repaying their Government loans. That measure might go into effect by the end of this year. ■

G.I. Microchip

Old tags are for the dogs

First they start phasing out the classic Army Jeep in favor of a zippier modern vehicle. Now, if the Soldiers' Data Tag Task Force at Fort Benjamin Harrison in Indianapolis has its way, the G.I.'s stamped metal dog tag will be replaced by a plastic wafer that only a computer can read and only an engineer could love.

The prototype, developed by Datakey Inc., located near Minneapolis, is about the same size as an old-fashioned dog tag. Saw-toothed on the edges and made of chocolate-colored plastic, it contains an embedded magnetic bit on which information about a soldier can be electronically recorded and, as needed, scanned by means of a portable microcomputer. Carrying the scanning device into the field, a medic could review a wounded soldier's complete medical history before administering drugs; a platoon leader might check out a soldier's pay or disciplinary record.

The new tag

The Army is vague about particulars: the tags could cost anywhere from $5 to $30 apiece; some squads will begin wearing the chips, possibly in two years.

But the Army is apparently enthusiastic about the space-saving potential. "We've got too much paper," says Chris Occhialini, head of the task force, and too many "clerical personnel." In a war, the Army needs to move medical and personnel information instantly. "Today we can't get it as fast as we'd like," says Occhialini. With the new, data-rich tags, each soldier in effect would carry his folders as he fights. ■

IRAN

Arms For the Ayatullah

Despite a ban, U.S. weapons are still flowing

From the outside, the brick-faced building looked like any other shop in prosperous, suburban Stamford, Conn. Above the broad plate-glass window, a large painted sign read simply PERSIAN RUGS. But inside there were no customers looking at the dusty piles of carpets. Instead, behind a curtain in the rear of the shop, telex machines, shortwave radios and computerized communications gear hummed continuously. Business was brisk, and it had nothing to do with rugs. The shop was a front for the illegal sale of U.S.-made weapons and aircraft parts to the government of Iran's Ayatullah Ruhollah Khomeini.

The Stamford store was opened in 1980 by Balanian Hashemi, a wealthy Iranian businessman who had fled his country after the fall of the Shah. Although he had lost favor with the mullahs, Hashemi had no qualms about making money from their revolution. As thousands of Iranians gathered daily in the streets of Tehran to shout "Death to America!" and even after a gang of students took over the U.S. embassy, holding 52 Americans hostage for 444 days, Hashemi was selling U.S. arms to Iran. Ordered by the Iranian military to be more discreet, Hashemi closed the shop last year. He now directs his U.S. and international arms operations from London.

Hashemi is not alone in pursuing the illegal arms trade with Iran. TIME has learned that hundreds of millions of dollars' worth of U.S.-made military equipment continues to flow to Iran each year, despite a State Department ban on all arms sales to that country. The suppliers include at least a score of American companies as well as international arms dealers operating in the U.S. In addition, large quantities of American arms sold legally to such allies as South Korea and Israel are being resold to Iran in clear violation of written agreements with the U.S.

American officials privately admit that the traffic in U.S. arms for Iran is out of control. Says a Customs agent responsible for halting illegal high-technology exports at Los Angeles International Airport: "There is a large and active movement to ship illegal arms and weapons-systems parts and spares to Iran." A Pentagon intelligence agent in Washington notes that "whatever the dollar value, it is far more than any of us think."

Customs officials say they are unable to stem the tide because they have neither the manpower nor the technology they need. They accuse the Commerce Department of often approving licenses for materials after Customs has seized them. All the agencies involved claim that the State Department lacks a clear policy. Says a senior Customs official: "As long as you can keep Defense, Commerce, Customs and the Office of Munitions Control separated, the Ayatullah's purchasing agents have it made."

The State Department seems to be unaware of the scope of the illicit deals. "We have heard these rumors of U.S.-supplied restricted military items getting to Iran for years," says Barbara Schell, the desk officer responsible for Iran, "but there is no proof." American diplomats insist that they do not secretly condone the shipment of arms to either of the belligerents in the three-year-old Iran-Iraq war.

Yet the Iran traffic is far beyond the rumor stage. TIME has seen proof in the form of hundreds of documents provided by Carlos Vieira de Mello, an international arms dealer who worked with the purported rug merchant, Hashemi. TIME has also examined secret records from the State Department's Office of Munitions Control and papers from private arms companies showing that U.S. tank engines and fighter-plane spares were routed to Iran through Canada and Britain. The records indicate that much of the trade is directed from London.

Iran's dependence on the U.S. for military supplies stems from the Shah's purchase of some $17 billion in American munitions between 1970 and 1979. This huge stockpile of sophisticated U.S. weaponry, which included 80 F-14 fighters so advanced that they were sold to no other foreign country, fell into the hands of the Ayatullah's revolutionary government after the collapse of the Shah's regime in February 1979. To promote ties to the moderate government of Mehdi Bazargan and the armed forces, the Carter Administration conducted secret negotiations with Tehran, creating a framework for the subsequent delivery of most of the $5 billion worth of military supplies ordered by the Shah. Explains a former high U.S. intelligence official: "We were desperate for any contact at all."

American military advisers, TIME has learned, traveled secretly to Iran in the summer of 1979. They test-fired two Hawk antiaircraft missiles for the Iranian

Illustrations for TIME by Eugene Mihaesco

air force and offered to repair Iran's Hawk defensive system. The Carter Administration also authorized some major U.S. arms manufacturers to continue sales of military equipment to Iran covertly. This, in turn, encouraged private arms dealers to continue supplying Iran. All official cooperation with Iran ended when the embassy in Tehran was seized. Carter impounded $300 million worth of spare parts that the Shah had paid for, and ordered a complete boycott of American trade with Iran.

The President's decision had little effect on the world's arms merchants. In the week after Carter announced the boycott, some 300 U.S. and Western European companies contacted Tehran with offers to sell munitions and other banned items. After the Iraqi invasion in September 1980, the Iranian air force set up an office in London's exclusive Kensington district to coordinate its purchases.

Ironically, although the Ayatullah and his followers are violently anti-Israel, one of the countries that has violated the U.S. boycott most blatantly is Israel. When Iraq invaded Iran, the Tehran regime urgently needed U.S. supplies. Former National Security Adviser Zbigniew Brzezinski confirmed in his recently published memoirs that the Carter Administration clandestinely offered to supply spare parts to Iran in return for the hostages' freedom. "We learned, much to our dismay," he wrote, "that the Israelis had been secretly supplying American spare parts to the Iranians, without much concern for the negative impact this was having on our leverage with the Iranians on the hostage issue."

Edmund Muskie, who was then Secretary of State, complained to Israel about the arms sales, but the government of Prime Minister Menachem Begin responded that it had sold Iran only $300,000 worth of spare tires for F-4 fighter planes. It promised, in any event, to stop all future military sales. Yet, according to U.S. intelligence sources, Israel was also selling tank parts and ammunition to Iran. In 1981, after the release of the U.S. hostages, Israel resumed its military sales to Iran without Washington's approval.

According to documents seen by TIME, Israel handled most of its sales through Faroukh Azzizi, an Iranian arms merchant who lives in Athens. The papers show that Azzizi purchased U.S.-made Tow missiles from Israel in November 1982. The shipment went to Amsterdam before reaching Tehran. Says a senior Western diplomat in Brussels: "Israeli and American claims that Israel made only a single, isolated sale are pretty disingenuous." The Israeli government firmly denies any wrongdoing. Said Defense Ministry Spokesman Nachman Shai last week: "We have not violated any agreement between the U.S. and us that forbids selling American-made weapons or Israeli-made weapons under U.S. license to Iran."

Another major supplier of munitions to Iran is South Korea. Computer printouts from the U.S. Office of Munitions Control show that in a recent twelve-month period Korean Air Lines and two government-controlled South Korean companies made 60 separate purchases of Hawk missiles and related parts. On the basis of their intelligence sources, U.S. Customs officials contend that these missiles were destined for Iran. Defectors from the Iranian air force confirm that South Korea has provided these parts as well as spares for the Iranian F-4s. One of them told TIME, in addition, that Agusta, an Italian company operating under agreements with the State Department and Fort Worth–based Bell Helicopter Textron Inc., supplied Iran with Chinook choppers in violation of U.S. licensing rules. Says a Pentagon official: "A lot of countries are buying far more supplies than their air forces could ever use. But we have no way of monitoring resales."

Private arms dealers like Hashemi and De Mello account for much of the sales to Iran. At Iran's insistence, Hashemi set up various business entities to try to conceal his U.S. connections: his R.R.C. Co. in Stamford with its rug-shop front; a subsidiary in London; a separate company, Zoomer Fly Ltd., also in London. Hashemi's brother Cyrus, who was president of the now-defunct First Gulf Bank & Trust, helped finance the Zoomer Fly operation.

According to De Mello, a Brazilian citizen who is listed as president of R.R.C., most of the equipment purchased in the U.S. by his firm came from subcontractors who supply major American defense firms. Many of the sales aroused little attention because the equipment was of a type that also has civilian uses and thus can be sold legally under some interpretations of the vague U.S. trade rules. It included radar, navigational equipment and radio parts. When R.R.C. found that U.S. Customs officials rarely checked crates of this equipment, it began to address them openly to the Iranian air force. It also began to include in the crates such clearly banned items as spare parts for fighter planes, including engines and generators. The process became so easy, contends De Mello, that "after subcontractors sold parts to us two or three times, knowing they were being shipped to Iran, and saw that no one had been arrested, they began dealing directly themselves and cut us out."

One who did so was Don Rvocco, an American who owns Ramco International Inc., a major aviation-parts company in New Jersey. Once a supplier to De Mello and Hashemi, Rvocco began arming the Iranian air force directly, and currently has large contracts with it for the supply of U.S. spares and equipment. Ramco records

show equipment being sent out of the country for Iranian air force C-130s, and last week U.S. authorities stopped Ramco electronics and aviation parts headed out of the country. Rvocco insists that he has shipped only legitimate dual-use supplies: "There is not a single transaction they can trace to us that is improper." Both De Mello and Hashemi are under investigation by federal agencies for their arms trading.

Customs officials admit they lack the expertise to identify military parts that are illegal to export. An agent in Washington reveals that for two years one U.S. firm sent crates marked TRACTOR ENGINES from Boston to Iran. Even though the crates had been inspected, it took a new inspector with military experience to note that the engines were equipped with superchargers. They were replacements for the engines used in U.S.-built M-60 tanks.

Even when a part number on invoices correctly identifies the material in a crate as a banned military item, Customs agents have no easy way of knowing it. The Treasury Department does not have a formal arrangement with the Defense Department to verify that the parts numbers are on lists of contraband items. Says a Customs agent in Washington: "Usually, I call a friend at the Pentagon and ask him to look up the numbers for me as a favor."

Parts that are easily identifiable, such as missile tubes and ammunition, are generally shipped under inaccurate labels to countries where inspection is nonexistent or lax. Among the favored destinations: Switzerland, Austria, Hong Kong, Singapore and The Netherlands. In Amsterdam, says an intelligence officer, "the stuff can arrive one night and be gone the next morning, and the boxes are never opened."

The underlying problem is that the U.S. has shown little zeal in enforcing the ban on arms sales to Iran. Concedes a high-level State Department official: "It is true that we have not done all we can to stop Israel's re-export of U.S.-made equipment to Iran." The unofficial Administration attitude seems to be that the sale of arms to Iran does little damage to U.S. interests. Says a State Department official: "We don't give a damn as long as the Iran-Iraq carnage doesn't affect our allies in the region or alter the balance of power. Why save Iranians from themselves with Customs resources needed to protect Americans from the drug traffic?"

That is a dubious basis for Government policy. If the U.S. can justify selling arms to Iran, it should not have a firm public policy to the contrary. If, as all relevant high officials insist, the Administration does not condone such sales, then the confusion among agencies, and the illegal trade, should be stopped. As it is, the real benefactors are the illegal arms merchants, who have long flourished in the U.S. —*By Ed Magnuson. Reported by Jonathan Beaty and Rajl Samghabadi/New York and Thomas A. Sancton/Paris*

POLAND

Going Just Part of the Way

Jaruzelski prepares to lift martial law, though only on paper

After a flurry of hints and a flutter of hopes, the end seemed imminent at last. Ever since Pope John Paul II left his homeland three weeks ago, officials have been suggesting that martial law would soon be lifted. Once the Politburo had endorsed the move last week, the Polish parliament held a special one-day session. Its purpose: to consider a battery of constitutional amendments and laws that would accompany the repeal. General Wojciech Jaruzelski could formally announce the end of martial law, after 19 agonizing months, as soon as July 22, when Poles celebrate their national day.

The move, however, is less dramatic than it may at first seem. According to the provisions discussed by parliament, military rule will end in name but not in spirit. In some respects, the government's ability to deal with dissidents will be strengthened. New restrictions will make it almost impossible to strike legally. The ban on the independent Solidarity union will remain, leaving former Leader Lech Walesa a "private citizen" and many other Solidarity activists in prison or in hiding.

In addition, one of the four constitutional amendments proposed last week will give the Premier the right to declare a state of emergency whenever he detects a threat "due to internal factors." A bill that parliament is expected to approve this week broadens censorship. Another one gives the Interior Ministry, which controls the police, explicit authority to tap telephones, draw up voting lists and even, on occasion, replace regular policemen with a special detachment of armed troops. Says an unemployed art instructor who has participated in most of the street demonstrations in Warsaw since December 1981: "The new set of laws legalizes the brutality that we have been subject to, while removing the rallying point, martial law, against which people have been protesting."

The government's decision may have been facilitated by the papal visit. Although thousands of Poles used the pilgrimage to demonstrate their support for Solidarity, the Jaruzelski government was pleased that John Paul's journey passed without a major incident and that the Pope refrained from giving the outlawed labor union his explicit blessing. The government's new policy was calculated to tempt Western nations to relax the economic sanctions that they had imposed after the enactment of martial law. Jaruzelski also hopes to encourage the U.S. and West European governments to be more cooperative in helping Poland reschedule its $26 billion foreign debt.

The Reagan Administration is reacting cautiously to the expected change. Only last month the President declared that "if the Polish government takes meaningful, liberalizing measures, we are prepared to take equally significant and concrete steps of our own." But the U.S. has stressed that it will not make major concessions unless a significant number of prisoners is released. That may not happen: officials in Washington believe more than 4,000 political prisoners are still in detention; Warsaw acknowledges only 200. Last week the Administration suggested that it might allow Poland to recover some of the fishing rights in U.S. waters that were rescinded after the declaration of martial law. "If the Poles go part way," said a State Department official, "we will go part way." ■

Jaruzelski, left, and Vice Premier Roman Malinowski at the special parliamentary session

In some respects, the government's ability to deal with dissent will be strengthened.

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1 oz. Midori
1½ oz. Tequila
1 oz. Sweet/Sour Mix
Blend and pour into salted glass.

Midori Cooler
1 oz. Midori
2 oz. Club Soda
Pour Midori into tall glass filled with ice. Add soda and stir. Garnish.

Midori Colada
2 oz. Midori
1 oz. Rum
6 oz. Piña Colada Mix
Mix in blender.

Midori Mimosa
2 oz. Midori
2 tsp. Lime Juice
1 Split Champagne
Mix and garnish.

Midori Parfait
½ Cup Midori
1 3-oz. pkg. Lime Gelatin
1¼ Cups Boiling Water
½ Cup Heavy Cream, Whipped
Dissolve gelatin in boiling water. Add Midori. Chill until partially thickened. Fold in whipped cream. Layer pudding and sliced strawberries in 4 parfait glasses. Chill until firm, garnish.

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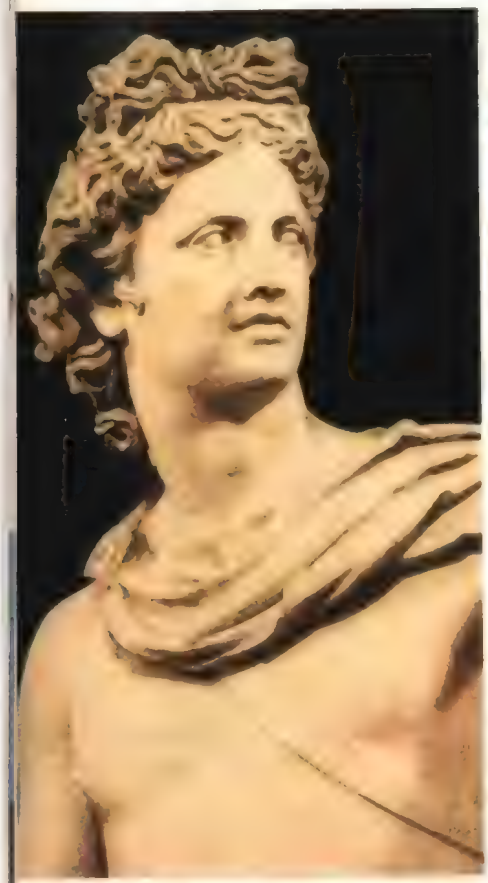

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(top left) APOLLO BELVEDERE, Roman copy, 130-140 A.D.
(bottom left) BORGHIA WITH HEAD OF AL HELOUS TARQUINIA, Bronze, 5th century B.C.
(center) MUSICAL ANGEL, Melozzo da Forlì, ca. 1480 (top right) ST. JEROME, Leonardo da Vinci, ca. 1480
(bottom right) QUETZALCOATL, Aztec feathered serpent, early 16th century

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Forced behind campus gates by riot police, Santiago University students shout abuse

CHILE

A Third Warning for Pinochet

The government cracks down, but opposition grows louder

The orchestrated display of outrage was becoming increasingly familiar. As dusk fell over Chile's capital of Santiago, tens of thousands of people began beating pots and pans in a rhythmic cacophony. In the densely populated slum of Herminda La Victoria, gangs of unemployed youths defied a strict curfew, barricading the streets with burning tires and chanting "Down with the dictatorship!" Rumbling through the capital's nearly deserted streets, army troops and police tried to intimidate the demonstrators by firing submachine guns into the air and throwing tear-gas grenades at them. The toll of the 5½-hour riot: two dead, nine injured and more than 500 arrested.

As the third such protest in as many months, it was unmistakable evidence that many Chileans can no longer tolerate the repressive regime of General Augusto Pinochet Ugarte. The two earlier protests drew larger crowds, but people were free to take to the streets then. Last week's outbreak occurred in the face of a major government crackdown.

The tinderbox atmosphere drew increasing international attention. At his weekly audience in St. Peter's Square, Pope John Paul II asked for prayers "for the true temporal and spiritual well-being of the Chilean people." He also appealed to the demonstrators "not to take the road of violence but of dialogue."

The U.S., too, spoke out. Although the Reagan Administration has long given tacit support to the Chilean regime for its anti-Communist stance, some U.S. officials now fear that Pinochet's failure to promote democracy could plunge the country into civil war. The State Department specifically condemned the arrest of three prominent opposition leaders as "a regrettable manifestation of the serious tensions and divisions" in Chile, and called for "moderation and dialogue" leading to the restoration of democracy.

Pinochet has shown no inclination to heed any such call. His government reacted to the first demonstrations by jailing Rodolfo Seguel, 29, head of the 23,000-member National Confederation of Copper Workers and a key organizer of the initial protests. It also imprisoned 29 other union leaders for periods ranging from one to ten days, and dispatched troops to take over or patrol the copper mines. Last week the government instructed the press not to write any stories about preparations for the protest, and forbade reporters from moving around Santiago during the curfew.

In addition, the authorities arrested Chile's most distinguished opposition figure, Christian Democratic Party President Gabriel Valdés. He and two other party officials were held for five days of questioning after they had appeared in court to testify on behalf of youths caught with 700,000 leaflets endorsing the protests. The arrest may have been a mistake. A crowd of 500 jammed Santiago's Supreme Court building to hear a lawyer read a statement signed by 1,000 prominent Chileans calling for Valdés' release. Said a Socialist politician: "The dictatorship has unwillingly made a national leader out of Gabriel Valdés."

In the aftermath of the demonstrations, Pinochet insisted at a press conference that "the people can be at ease, the country is under control." If Pinochet manages to retain his grip, he will be bucking a South American trend. Generals in Ecuador, Peru and Bolivia have turned power over to civilians in the past four years. Military governments have pledged to do the same in Argentina next year and in Brazil and Uruguay in 1985. ■

MEXICO

Cleaning Up

A victory for pluralism

Mexicans like to think of their political system as a democracy, but to anyone else it looks like a remarkably durable one-party government. For 54 years, the ruling Institutional Revolutionary Party (PRI) has won every important election, when necessary manipulating the results to assure its victory. Last week a salutory triumph for pluralism unexpectedly broke that pattern. When the votes for elections held in five states were tallied, the National Action Party (PAN) had won nine municipal seats and five legislative seats in the northern states of Durango and Chihuahua. It was the best performance by any opposition party since the PRI was founded in 1929. Declared PAN President Abel Vicencio Tovar: "A change in the political structure of Mexico has begun."

The upset reflected popular discontent with the often cynical and lackluster PRI leadership. It was also a sign that Mexicans have become impatient with the stringent austerity measures that President Miguel de la Madrid imposed to restore health to Mexico's anemic economy. The peso lost more than three-quarters of its value last year; inflation is still running at 80% annually; and unemployment or underemployment has reached 35%. These problems tend to have more of an impact on Mexicans who live in the northern states, closer to the U.S. border. The PAN, a center-right party that generally favors private enterprise, had mounted a slick, expensive campaign. PAN officials took a cue from candidates north of the border by financing their campaign with contributions from small- and medium-size businesses, a new but legal departure from Mexican political custom.

De la Madrid

Just as remarkable as PAN's victories was the fact that the PRI allowed them to occur. To his credit, President De la Madrid had instructed officials to keep the elections clean and to let the results stand. Said Heberto Castillo, head of the small leftist Mexican Workers' Party: "It is a positive note for the free play of democracy."

De la Madrid seemed to hold out the possibility of further opening up the political system, allowing other minority parties greater power. Welcome as that reform would be, it seemed unlikely to threaten the PRI's dominance of Mexican politics. Of the country's 23.6 million voters, approximately 74% supported the PRI in the last national election. Emboldened by their victories, PAN supporters have already set their sights on another state contest: the Sept. 4 elections for the governorship of Baja California Norte. ■

DIPLOMACY

Merciful End to a Marathon

After 32 months, East and West come close to an accord

The conclave may go down in history as one of the longest, most arduous diplomatic marathons of the postwar period. Even so, delegates from 33 European countries, the U.S. and Canada were full of optimism last week: an end to their mission seemed to be in sight. U.S. Envoy Max Kampelman helped set the tone as he returned to Madrid's sprawling concrete Palace of Congresses after consultations with Administration officials in Washington. Kampelman predicted international approval of a 35-page draft document that summed up, after 32

U.S. Envoy Kampelman back in Madrid

As much for image as for substance.

months of often desultory negotiation, the compromises reached at the Conference on Security and Cooperation in Europe (CSCE). Within 24 hours, President Reagan himself announced U.S. backing for the agreement. Said he: "We will sign it with the hope that it will serve as a step toward . . . a more stable and constructive relationship with the Soviet Union."

The occasion marked an improvement, albeit a small one, in the otherwise sorry state of East-West relations. The diplomatic assembly in Madrid was on the verge of concluding its second review of the historic 1975 Helsinki Final Act, the agreement that codified the framework of détente. But despite Kampelman's auspicious words, the Madrid exercise was not quite over. The agreement must be accepted by representatives of all 35 conference participants. The last obstacle to complete accord was the island republic of Malta, which insisted that all 35 conference members accept the idea of a future meeting on Mediterranean security. Even when that hurdle is cleared, the Madrid agreements must be endorsed by the foreign ministers of all the participants. That ritual, which may not take place until September, may provide the opportunity for a meeting between Secretary of State George Shultz and Soviet Foreign Minister Andrei Gromyko.

The diplomatic agreement had as much to do with image as with substance. With superpower relations at their lowest ebb in more than a decade, it was no mean achievement to produce even a modest declaration of concert in Madrid. Said a U.S. delegate: "I see it as a sign that things won't necessarily deteriorate further, and could even get better."

The document in question consists mainly of a series of commitments to hold, over the next three years, further international meetings aimed at addressing such issues as disarmament, international security and human rights. The Madrid draft agreement also includes the broad declarations of respect for human rights provisions that buttress the Helsinki Final Act. Among the values mentioned: freedom of religion, the right to form free trade unions, and "the freer and wider dissemination of printed matter"—a euphemistic reference to freedom of the press. Said President Reagan of the document: "Together with the Helsinki accords, this agreement sets forth a clear code of conduct."

The prolonged Madrid meeting, which was initially slated to last no more than two or three months, fell victim to the deterioration of détente. The original Helsinki agreement was hailed as a diplomatic landmark. In essence, it traded *de facto* Western recognition of post–World War II boundaries in Europe for a host of cooperative understandings, and for Moscow's broad endorsement of a number of human rights concerns. Yet many Western diplomats now describe the Helsinki agreement as "a mess." Despite the restrictions contained in the accords, notably clauses respecting national sovereignty and rejecting interference in the affairs of sovereign states, the Soviet Union has invaded Afghanistan and encouraged Polish authorities to impose martial law. Moscow has continued the energetic repression of its own dissidents, most of whom were inspired by the very declarations that Moscow endorsed in Helsinki.

The slow pace of the Madrid talks has provided a fairly accurate reflection of the frosty state of relations between the U.S. and the Soviet Union over the past three years. The conference began in a chill, eleven months after the Soviet invasion of Afghanistan. As the deadline for beginning the meeting approached, the participants could not even agree on an agenda for their gathering. They arbitrarily stopped the conference clock at five minutes before midnight in order to continue thrashing out their differences.

Since then the Madrid meeting has followed a decidedly rambling course. When the delegates found points of agreement, they held plenary sessions several times a week; when they did not, they met only to adjourn. Deliberations were limited by the fact that the conference operated by consensus. The objections of any one country were often enough to stall negotiations. Last year the Madrid conference held no sessions between February and November because of Western concern over the imposition of martial law in Poland. As a senior U.S. diplomat put it, "It's the only kind of international court we have in which to drag the Soviets into the docket on human rights."

For the meeting's Spanish hosts, the obstructionist tactics eventually posed a logistical crisis. The building in which the conference was being held had been booked to accommodate journalists attending last summer's soccer World Cup. Thanks primarily to the East-West

Chief U.S.S.R. Delegate Kovalev at Madrid with Colleague Igor Andropov, son of the Soviet leader

Beginning sessions in a chill over Afghanistan, hoping to end them for pragmatic reasons.

dispute over Poland's imposition of martial law, the conference site was left vacant all summer for the use of soccer fans.

In March a group of eight "neutral and nonaligned" West European countries at the conference challenged the meeting to come to a compromise agreement or else dissolve. (The eight: Austria, Cyprus, Finland, Liechtenstein, San Marino, Sweden, Switzerland and Yugoslavia.) They proposed a compromise according to which the Soviet Union would accept some previously unpalatable rights provisions, while other conferees would accept the idea of a special international conference on disarmament, to be held in Stockholm in November. Four months later, with the delegates still in a deadlock, the conference received an additional nudge from Spanish Prime Minister Felipe González. The youthful Socialist leader summoned all 35 delegation heads to his Moncloa palace to announce the obvious: "The meeting is at an impasse." He then offered a package modifying the compromise agreement put forward by the neutral countries. Among González' proposals: a future conference on the reunification of families separated by the Iron Curtain, to be held in Bern, Switzerland.

González' initiative produced some movement. The chief Soviet delegate, Anatoli Kovalev, soon accepted the compromise offer. The U.S. took longer to agree because, among other things, the Reagan Administration wanted strict guarantees that the Bern meeting would take place and that the guarantees would be treated as solemnly as the other Madrid undertakings. President Reagan's eventual decision to accept the package may have been influenced by a quiet Soviet assurance that it would allow an unspecified number of dissidents to emigrate.

Administration officials offer pragmatic reasons for endorsing the Madrid agreement. Among other things, the West European allies support the idea. West German Chancellor Helmut Kohl is particularly enthusiastic about the agreement to hold a disarmament conference in Stockholm later this year. He expects the meeting to be politically useful at a time when there will probably be strong popular opposition in his country to the deployment of U.S.-built Pershing II and cruise missiles, scheduled to begin in December. Looking ahead to the 1984 presidential elections, U.S. officials see the Madrid agreement as another step in clearing the way for a possible summit between Reagan and Soviet President Yuri Andropov. Nevertheless, U.S. diplomats caution against reading too much into the end of the Madrid marathon. Said a top U.S. policymaker in Washington: "The U.S.-U.S.S.R. relationship has been so cold and so intractable for so long that it would be missing the boat to think we are looking at the beginning of a sea change." But even a small change in the international drift was welcome. *—By George Russell. Reported by William Blaylock and Jane Walker/Madrid*

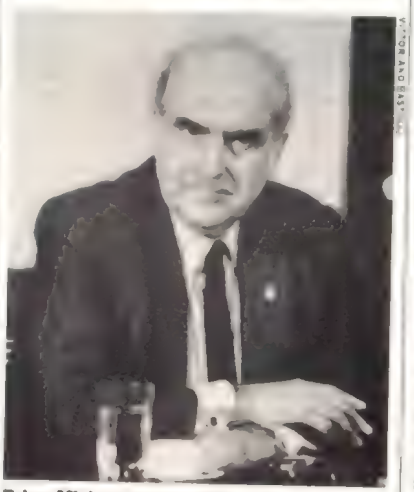
GREECE

Confirming a Commitment

Papandreou changes his mind on U.S. bases

Prime Minister Andreas Papandreou called it "a historic day for Greece." Flanked by his entire Cabinet, he announced last week that his government had just initialed a new agreement allowing the U.S. to keep four major military bases and 20 smaller installations in Greece for another five years. The accord, which climaxed nine months of difficult negotiations, signaled a change of attitude for Papandreou, who campaigned in 1981 on a pledge to close down the bases and pull Greece out of NATO.

Even so, Greeks interpreted the agreement as a major triumph for Papandreou. President Constantine Karamanlis, a staunch advocate of Greece's alliance with the West, congratulated the government on the agreement. Only the Communists expressed dissatisfaction. They sent 6,000 demonstrators into the streets of Athens to protest.



Prime Minister Andreas Papandreou

Only the Communists were unhappy.

The agreement contains several new provisions. Any U.S. attempt to use the bases for activities in the Middle East or Persian Gulf will require the explicit approval of the Greek government. In the event of a national emergency, Greece will have the right to suspend all activities on the bases unilaterally. Reflecting Greece's longstanding mistrust of neighboring Turkey, the U.S. agreed to help preserve the balance of forces in the Aegean.

American diplomats also expressed satisfaction with the agreement. Said a senior State Department official: "It benefits the U.S., Greece and the NATO alliance." Most important, it reaffirms Greece's commitment to the West. If Papandreou has softened his attitude toward NATO, it is because he realized after taking office that a withdrawal from the alliance would probably result in an increase in Western military aid to Turkey, which Greece feels poses the most direct threat to its security.

Now that negotiations have been completed, the Administration can proceed with its plan to provide Greece with an additional $220 million in aid during fiscal 1984, bringing the total to $500 million. The package is subject to congressional approval, but a State Department spokesman noted last week that in the "good atmosphere" that now exists between the two countries, the request should encounter few problems on Capitol Hill. ■

WEST GERMANY

Striking Back

A demonstration of muscle

The protesters who hurled stones and paint at Vice President Bush's limousine in Krefeld last month managed to slip through tight security lines with little difficulty. Two weeks later, police in the industrial city of Wuppertal arrested 104 youths who, under the guise of practicing karate, were apparently preparing to stage equally disruptive protests. In response to the escalating threat of violence, the Cabinet of Chancellor Helmut Kohl last week approved a tough and controversial new bill. It would allow the police to disperse all demonstrators, whether they are engaged in violent action or not, simply if they are in the presence of an outbreak of violence. Anyone who disobeys police orders would face a prison sentence of up to one year.

The proposal, which was advanced by right-wing Interior Minister Friedrich Zimmermann, empowers the police to determine both the extent and the source of violence. It also effectively means that those who remain in the midst of a turbulent protest will be considered guilty unless they can prove their innocence.

The bill has sparked widespread public criticism. Complained Gerd Pfeiffer, president of the Federal Court in Karlsruhe: "It cannot be right that the state, in order to arrest violent rioters, criminalizes all peaceful participants in a demonstration." Jürgen Schmude, party whip for the opposition Social Democratic Party, labeled the proposed legislation "a heavy blow to liberty and the rule of law." Yet few potential demonstrators seemed to be deterred. Declared a parliamentary deputy of the antinuclear Green Party: "We will never be violent, but we will also not fight against those who choose to demonstrate in a violent way."

The government, which enjoys a decisive majority in the Bundestag, expects the bill to become law this fall. That is about the time peace activists plan to stage a series of rallies to protest the imminent deployment of new U.S. nuclear missiles. ■

Sheik Isa Bin Sulman al-Khalifa: the cherubic, easygoing emir who prefers a Chevy to a Rolls

BAHRAIN

Traders, Dealers and Survivors

The U.S. prepares a warm welcome for the gulf's "poor cousin"

The country is just one-seventh the size of Long Island, but its puny proportions belie its importance. Over the past decade, the 240-sq.-mi. state of Bahrain has emerged as the banking and trading capital of the Persian Gulf, a sort of Arabian Hong Kong. Only 15 miles off the coast of Saudi Arabia, the island nation is a strategic steppingstone in the defense of the oil-rich gulf. As one of the rare gulf nations that allow the U.S. Navy to use their ports regularly, albeit quietly, Bahrain enjoys a warm relationship with Washington. For those good reasons, Sheik Isa Bin Sulman al-Khalifa will receive the sunniest of welcomes this week when he becomes the first ruler from Bahrain to pay an official visit to the U.S.

Bahrain (pop. 300,000) occupies a special place in the Middle East. It was one of the first Arab countries in the region to strike oil, and it will also be the first to run out, probably in about ten years. The natives never tire of calling themselves the "poor cousins of the gulf," despite the fact that their economy is well planned and diversified. Although Bahrain is not quite so prosperous as some of its neighbors, its citizens enjoy a healthy per capita income of $9,000. As a result, Sheik Isa's government is able to offer an array of social services, including free education and medical care, no less generous than that of many European states.

The island first began pumping oil in 1934, but its reserves were small, and output peaked in 1970.* About 15 years ago, Bahraini officials wisely anticipated that oil revenues would dry up, and they began transforming the economy. The country now boasts 143 banks, most of which are offshore banking units that thrive in Bahrain's tax-free environment. In the capital of Manama, bank offices open at 7 a.m. to handle traffic from Tokyo, and do not shut their doors until twelve hours later, to catch the New York markets. Some 4,000 people work for the banks, compared with 4,900 in the oil industry.

The country also branched out into heavy industry, mostly by persuading its wealthier neighbors to locate a clutch of plants on Bahraini soil. Saudi Arabia is a partner in an aluminum smelter built in 1968, while a consortium of Arab governments built a major shipyard in 1977. Future joint Arab ventures already approved include a $106 million plant to produce aluminum and a $220 million iron-ore-pellet factory.

The Bahrainis are spoiled by Saudi Arabia, which acts as a sort of wealthy big brother to its tiny neighbor. Aid from Riyadh paid for more than 50% of Bahrain's national budget of $1.3 billion last year. The Saudis are building a 15-mile-long, four-lane causeway that will provide the first land link between the two countries. The project is a pharaoh's dream: some 1,200 workers are busy sinking concrete piles into the sea floor and then placing slabs of roadway the length of football fields on top of them. By the time the causeway is finished, in late 1985, the bill could reach $600 million.

Ostensibly, the road is being built to facilitate trade between the two countries, but the consequences may be more far-reaching. Saudi Arabia, like most other gulf states, bans alcohol as well as such Western pleasures as dancing and nightclubbing. Reflecting the tolerant views of Sheik Isa, Bahrain is more relaxed: liquor flows freely in its hotels, and supper clubs offer the best in gulf entertainment. Already, many Saudis fly to the island looking for fun; some members of the austere Saudi royal family fear that Bahrain will turn into a gigantic weekend resort once the road is open.

Until the country began redeveloping its economy in the late '60s, skilled and unskilled Bahrainis alike went abroad for jobs. Now most stay home. Bahrain still uses foreign labor, but the proportion of immigrants in the national work force is much lower than in other gulf states. (Less than 60% of the island's 140,000 workers are from other countries.) Bahrain, moreover, carefully screens out potential troublemakers. Unlike many other Arab states, it has granted work permits to only a few hundred Palestinians. The vast majority of foreign laborers are docile Filipinos, Indians and Pakistanis hired on two-year contracts.

Sheik Isa's main worry centers on a religious schism within his people. The royal family, along with most of the nation's decision makers, are Sunni Muslims, but some 60% of the country, including most of the poor, belong to the Shi'ite branch of Islam. Bahrain thus is an inviting target for an Islamic revolution imported from Iran, where the Shi'ites are dominant. The island in fact was part of Persia until Sheik Isa's ancestors, who came from Qatar, drove out the Persians in 1783. Since the revolution that brought Ayatullah Ruhollah Khomeini to power, Iran has stepped up its claims to Bahrain. In 1979 a prominent ayatullah loudly proclaimed that Bahrain was Iran's 14th province. In 1981 the government foiled a plot to assassinate Sheik Isa and key members of his government. About 70 people were arrested; though details re-

Symbol of an American toehold: against Manama's

*Bahrain now pumps a modest 44,000 bbl. per day, compared with Saudi Arabia's 5 million bbl. per day.

main murky, Bahraini officials blame Tehran.

Still, Bahrain remains an oasis of serenity in the turbulent Middle East. Much of the credit belongs to Sheik Isa, 50, the short, slightly pudgy Emir who has ruled the country since 1961. The sheik, whose cherubic face always seems to be breaking into a smile, truly delights in dealing with people. Anyone with a grievance can come to the palace and complain to His Highness in person. If a foreigner has trouble with the royal name, the sheik is likely to joke, "Call me Jake." Although he is wealthy, he and his wife avoid extravagances; the sheik is often spotted driving around in a vintage gray Chevrolet rather than a gleaming Rolls. Largely by dint of his benevolent personality, Sheik Isa succeeded in dissolving the badly divided parliament in 1975 without incurring much opposition. He now rules by decree, though he leaves the day-to-day business of governing to his brother, Prime Minister Khalifa Bin Sulman al-Khalifa.

Between 1949 and 1973, the U.S. Navy's Middle East force was headquartered at the Bahraini port of Jufair. After the 1973 Arab-Israeli war, however, Sheik Isa heeded the mounting criticism of his Arab neighbors and negotiated a new arrangement, which considerably reduced the American presence. The U.S. Navy maintains an administrative support unit at Jufair, and its five ships are allowed to call at Bahrain on a limited basis.

If Bahrain were willing, the Reagan Administration would explore ways of expanding its military ties with the island. But Sheik Isa is not likely to agree unless he decides that Bahrain's livelihood as an international merchant is at serious risk. "We trade, we deal, we survive," says a Ministry of Finance official. "We've been here for 5,000 years, and I hope we'll be here for another 5,000." *—By James Kelly. Reported by Barry Hillenbrand/Bahrain*

skyline, the U.S. Navy compound

MIDDLE EAST

"It Is Very, Very Serious"

Arafat talks about his troubles and his leadership

In Lebanon, the sword of violence always seems to be unsheathed and ready to strike. Two Israeli soldiers were killed last week when a bomb exploded as their truck rumbled along a highway in southern Lebanon. In downtown Beirut, Lebanese army soldiers battled Shi'ite Muslim militiamen after government police tried to evict Shi'ite squatters from an abandoned school. Seven people died, including two soldiers. In the Chouf Mountains southeast of Beirut, Druze villagers clashed with a Lebanese army patrol. The toll: two dead and 18 wounded. The last incident carried ominous implications since the Lebanese army is expected to guard the area when Israeli troops withdraw to more defensible positions, a move the Israelis are expected to make shortly.

Meanwhile, Palestine Liberation Organization Leader Yasser Arafat is still trying desperately to contain the revolt that broke out two months ago within Fatah, the P.L.O.'s dominant group. His charge that Syrian President Hafez Assad fanned the rebellion prompted Syria to expel Arafat last month. Although thousands of his fighters remain in Lebanon's Bekaa Valley, Arafat has had to move his base of operations to Tunisia while trying to win support from Arab leaders and the Soviet Union. The P.L.O. leader could take little comfort in the news from Moscow last week. According to a TASS report, Soviet Foreign Minister Andrei Gromyko suggested in effect that Arafat seek an accommodation with Assad. After touring P.L.O. camps in Tunisia last week, Arafat gave an interview to TIME Correspondent Roberto Suro. Excerpts:

On the rift within Fatah. It is very, very serious. As I told my fighters today, it is a case of Arab interference. Our bases in the Bekaa Valley are surrounded. The Libyan role is clear. [Libyan Leader] Muammar [Gaddafi] and his mass media are declaring that they are taking part in the attacks against our forces. The Syrians are saying they are not involved, but their moves make their role clear also. Their tanks and troops are blockading our bases.

On the chances of further clashes with Syrian troops. I don't want to fight, but I think there will be more battles. The Syrians are looking to push the dissenters into creating an alternative P.L.O. Unbelievable! This P.L.O. was created by the will and the sacrifices of the people. All its prestige, all its strength, cannot be undone by the decisions of any Arab government.

On Arab efforts to mediate the crisis. Through the Saudis and other Arabs, I made this point: Stop the clashes in the Bekaa Valley. If they do not arrive at an agreement with the Syrians, then Damascus should let us move our troops from the Bekaa to Tripoli [a port city on the Lebanese coast]. But I do not think the Syrians will allow us to withdraw.

On accusations that his leadership style is too imperious. I have been elected in a democratic manner. I am not here by virtue of a coup or the force of tanks. Any member can criticize me, but from within the organization, not from the outside.

On foreign troops in Lebanon. The Americans made the fatal mistake of thinking they could get all the forces to withdraw and still bypass the crucial issue of the Middle East: the Palestinian problem. Nothing has been solved by the Israeli invasion, and the situation is only more complicated now. Israel will not leave. As for Syria, it is better that you ask them, not me.

The P.L.O. leader: still confident

On the future of the Reagan peace plan, which would link the West Bank and Gaza to Jordan. Why don't the Americans support self-determination for the Palestinians? Last year they backed self-determination for 2,000 people on the Falkland Islands. So why do they refuse the same principle for 5 million Palestinians?

On the P.L.O.'s overall health. It is almost a year since we left Beirut, and the Palestinian revolution has not been liquidated. We lost a lot in that war, but we made a good stand. The Israelis thought they could finish us off in three to five days with all their American weapons, but we were steadfast, gloriously steadfast. And here we are.

François Mitterrand during his radio interview with Philippe Bauchard, left

FRANCE

Confessions of a President

A mea culpa *from Mitterrand on economic policy*

For months, President François Mitterrand has come under mounting criticism for his handling of the economy. He has been berated for increased government spending and successive devaluations of the franc. Fellow Socialists have groaned about his stringent austerity program, designed to bring the soaring foreign trade deficit under control and to curb France's 8.5% inflation. Students, shopkeepers and even policemen took to the streets last spring to vent their displeasure with the policies of his two-year-old government. His approval rating has plunged from 50% to 35% in the past year. Last week the President endured another barrage of criticism, this time self-inflicted.

In a minor left-wing Roman Catholic weekly, *Témoignage Chrétien* (Christian Testimony, circ. 70,000), the President is quoted as giving a startlingly frank analysis of his economic missteps. Philippe Bauchard, the respected financial editor of the Paris-based Europe One radio network and a *Témoignage Chrétien* contributor, wrote the article mainly from his recollections of a breakfast meeting with Mitterrand on June 28, immediately after the two men had talked, somewhat less candidly, on the air. The ground rules for the post-interview session were never made clear, and Bauchard decided to publish Mitterrand's remarks because of their importance.

In the article, Mitterrand admits: "I committed the error of not devaluing from the first," a move advocated by Michel Jobert, then Foreign Trade Minister. Said Mitterrand: "I felt that he was right. But [Prime Minister Pierre] Mauroy and [Finance Minister Jacques] Delors persuaded me to the contrary." Mitterrand indicated that he wanted to impose a policy of economic "rigor" as early as the spring of 1982. He felt that the "Germans were not ready," an apparent reference to Chancellor Helmut Schmidt's reluctance at the time to undertake a simultaneous revaluation of the mark.

According to Bauchard's account, Mitterrand explained his misjudgments by saying, "I was carried by victory, we were intoxicated." He went on, "Everybody—O.E.C.D. experts, my own advisers, the economic experts, the journalists—was predicting a return to growth in 1983. Honestly, I was lacking in the necessary elements to determine that we were wrong." Added the President: "I underestimated the role of the lobbies, France's attachment to acquired benefits, corporatism. French people like to hear talk about rigor from those on the right. But as soon as we propose it, we are no longer credible." Mitterrand had some unkind words for tight-money U.S. policies, which he blamed for prolonging the world recession: "It is true that we may have dreamed a little bit in 1981 and underestimated the length of the international crisis. I overestimated the good will of the Americans. I don't expect anything from Reagan any more."

Officially, the Elysée Palace would neither confirm nor deny the authenticity of the statements, declaring them "the sole responsibility of Mr. Bauchard." Insiders, however, confirmed the substance, if not the precise wording, of the remarks. The Mitterrand *mea culpa* drew little fire from Socialists or the opposition. Said Pierre Charpy, vice secretary of the Neo-Gaullist Party: "These confidentialities do not produce any real revelations, strictly speaking." Money markets may have reacted more strongly: the franc last week dropped to a record low of 7.76 to the dollar, and some financial analysts said the President's confessions were at least partly to blame. ■

BRITAIN

Hanging Off

M.P.s say no to the noose

Inside the walls of London's Wandsworth Prison a gallows is maintained in working order, the trap door oiled and hanging beam polished. Even though Britain ended capital punishment in 1965, the issue has never been settled in the public mind. I.R.A. killings in Northern Ireland and Britain, along with rising criminality, have helped lead 77% of Britons, according to the latest Gallup poll, to favor the return of the death penalty for terrorist murderers. Last week the nation reached the climax of an emotional argument over the subject that divided the government, mobilized the clergy, aroused the police and dominated the press. After 6½ hours of debate, the House of Commons voted decisively (368 to 223) against a motion to restore capital punishment.

The vote was a bitter blow to proponents of the death penalty, who had counted on the Conservatives, with their new 144-seat majority in Parliament, to heed the sentiment for a crackdown on violent crime. The vote was "free," meaning that party discipline was not invoked to influence the decisions of individual members. While Prime Minister Margaret Thatcher and eight Cabinet colleagues supported a motion calling for the hanging of terrorist killers, eight others voted against it.

Both the advocates and the opponents of capital punishment had statistics to buttress their arguments. Abolitionists noted that since 1965, the number of murders that would have been punishable by death had not increased significantly. Prison guards announced their support for the noose, while prison governors felt executions would only worsen conditions in the tense, overcrowded cell blocks.

The day before the vote, the Most Rev. Robert Runcie, the Archbishop of Canterbury, convoked an extraordinary session of the synod of the Church of England to denounce "this barbaric punishment" that forces the state to "take the role of God." The six Catholic bishops of Northern Ireland expressed their opposition to the death penalty. In an act of blatant provocation on the morning of the vote, the I.R.A. staged its most devastating attack of the year in Northern Ireland. Four members of the Ulster Defense Regiment were killed by a land mine that destroyed their Land Rover.

Although Thatcher favors hanging, she probably does not regret last week's outcome. A return to the noose would have saddled the government with the task of redefining and reforming the nation's penal law so as to define the various conditions under which capital punishment would be applied. It would also have given Britain the dubious distinction of being the only country in Western Europe, except Turkey, to execute criminals. ■

HONG KONG

Looking Ahead to 1997

Britain and China resume talks on the colony's future

Even the most senior foreign correspondents in Peking were hard pressed to recall any incident to match it. Emerging from two days of discussions with British diplomats last week over the future status of Hong Kong, Chinese Negotiator Yao Guang was besieged so vigorously by reporters from Hong Kong that he was almost knocked to the ground. The startled Yao retreated to the safety of a staircase. "All I can say," he volunteered, "is that the talks are useful and constructive, and we will resume our talks on the 25th of July." With that, the flabbergasted Yao fought his way to his car.

The encounter was appropriately symbolic. Just as the newsmen from Hong Kong pressed their Chinese hosts, so too in broader ways has the freewheeling British crown colony from which they came. But Britain's lease on most of Hong Kong's territory runs out in 1997, and the Chinese are determined to reimpose their sovereignty. That demand has turned Hong Kong into a city uncertain of its future and worried by the lack of progress in negotiations to resolve it. But now there is at least some cause for hope. After nine months of official silence, Britain and China are talking again.

At stake in the discussions is the future of 5.5 million people, most of whom are Chinese citizens. In the past four decades, Hong Kong has become the world's third most important financial capital, after New York and London, and a manufacturing center with exports greater than those of all mainland China. Britain has ruled the colony for 142 years under three treaties signed in the 19th century with imperial China's impotent Qing dynasty. One treaty grants Britain perpetual control over the island of Hong Kong and the tip of the Kowloon Peninsula. Two other pacts provide for British sovereignty over the outer "New Territories" until 1997.

China last year indicated its resolve to regain the land that was lost by what it called "unequal" treaties. The territory under negotiation represents 90% of the entire colony and includes both its busy international airport and its water supply. If that land is returned to Chinese control, the remaining 10% of the city could scarcely survive on its own.

Discussions between Britain and China were deadlocked last October, principally because Peking demanded that Britain recognize the Chinese claim of sovereignty over Hong Kong before talks could proceed. After that breakdown, the colony's economic indicators plummeted to historic lows. The news that Britain and China would resume their talks has produced a recovery. By last week shares on the Hong Kong Stock Exchange reached a nine-month high, and the slumping Hong Kong dollar had improved. Even so, many of the ethnic Chinese businessmen who dominate the colony's economy were still debating whether to invest in new undertakings or apply for mortgages.

For Britain, the question of sovereignty is moot, even though diplomats expect to be negotiating the issue for at least two more years. Britain privately admits that, because of the city's vulnerability, it makes no sense to try to retain the colony. The real issue to be negotiated, therefore, is the shape of a Hong Kong government under Peking's control.

Prime Minister Margaret Thatcher centered on China's intention to make Hong Kong a "special administrative region" under the terms of an amendment to the Chinese constitution that was formally approved last year. So far, however, that special region has not been precisely defined. Peking has merely hinted to visiting delegations that Chinese and Hong Kong flags would fly together, that the Hong Kong dollar would remain an international currency, and that the corps of civil servants who administer the city would be retained. In the course of the informal talks, China has even indicated that Hong Kong's Royal Jockey Club could continue its horse races, although "Royal" would of course have to be dropped from the club's title in a socialist society. Chinese Leader Deng Xiaoping promised last month that "no official will be sent from Peking to supervise or administer Hong Kong."

China's Negotiator Yao Guang is besieged by reporters at talks in Peking

"Before we put things down in black and white, let's see what you have in mind."

indicated as much in a letter last February to Chinese Premier Zhao Ziyang. The letter did not explicitly concede sovereignty, which London wants to hold as a bargaining chip, but it did, in the words of a Western diplomat, send the Chinese "a very broad signal." As the diplomat loosely paraphrased it, the letter said: "We know you will gain sovereignty, but before we put things down in black and white let's see what you have in mind for administering Hong Kong."

So far, Peking's plans are more cloudy than black and white. The Chinese insist, for instance, that the current talks concern only Peking and London. When Hong Kong's Governor, Sir Edward Youde, announced that he would attend the discussions as a representative of the colony's citizens, he was quickly upbraided. "Mr. Youde," said a Chinese statement, "can only represent the British government in the talks."

Yet while denying Hong Kong's residents any official role in the discussions, China has been inviting delegations from factory owners to farmers to Peking for discussions. Most of those talks have

Such promises, however, do not satisfy all of Hong Kong's residents. In a paper presented during a trip to Peking in mid-May, twelve leading young professionals and businessmen insisted that "the suggested self-administration solution cannot achieve the avowed object of maintaining Hong Kong's prosperity and stability. There is no such precedent that we know of where a dependent territory of a socialist country has practiced capitalism in isolation and managed to retain its prosperity."

Paradoxically, Hong Kong's unique status has been good not only for the colony's residents but also for China. Peking earns more than $10 billion annually, or 40% of its foreign exchange, from selling goods to and through Hong Kong. Most businessmen in Hong Kong believe that their city will survive and prosper only if Peking agrees to some form of continued British presence. So far, however, Chinese officials have not convinced either Britain or the colony's residents that Peking also realizes how much it has at stake in Hong Kong's future. —*By Spencer Davidson. Reported by David Aikman/Peking and Sandra Burton/Hong Kong*

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Employee Involvement

At Ford Motor Company our greatest resource is our people. In plants and offices, on test tracks and in meeting rooms, Ford people are dedicating themselves to achieving quality. Employee Involvement groups meet regularly in almost all Ford plants and locations throughout the United States and are making significant contributions. As an example, over 500 employee suggestions were accepted for improving the assembly process and quality of the 1984 Ford Tempo and Mercury Topaz.

Engineered From The Driver On Out

At Ford Motor Company we're committed to building cars of functional integrity, character and unequalled quality that give you, the driver, real value for your money, and then some. Automobiles with proper steering wheel-to-pedal relationships, spaciousness, with precision-built instruments and controls that are functionally beautiful. With torque and horsepower characteristics that are well-matched to carefully selected transmission and axle ratios. Powertrain, suspension and steering that give a feeling of confidence and harmony, at city and highway speeds, even on rough roads. We call it the completely integrated vehicle. The driver's car.

Better Fit And Finish

The way things fit and the way things look are pretty good indications of how well a vehicle is made. At Ford Motor

*Based on a national survey measuring things gone wrong after three months of ownership, conducted among over 14,000 people owning Ford and competitive 1983 new vehicles, introduced prior to Feb., 1983.

The Quality.

Company accuracy and uniform fit are checked constantly by a hand-held computer called Datamyte.™ It makes sure the tolerances between doors and body, trunk and hood conform to exact design specifications. And the interior design and manufacture of the car are just as important, down to seemingly minor details such as making sure the carpets are secure.

In addition, by utilizing advanced technologies such as electrostatic painting, we are producing some of the most beautiful cars on the American road.

Quality Working Relationships Improve The Quality Of Our Work

An historic labor agreement, a commitment to quality, and a sense of pride have created a new industrial revolution. Ford Motor Company and The United Auto Workers are working together like never before. Together we are developing more efficient assembly methods, greater productivity, and better quality.

Take a close look at our quality and judge for yourself. After you do you'll understand that at Ford Motor Company, quality isn't just an abstract idea, it's very, very real.

We Weren't Always This Good

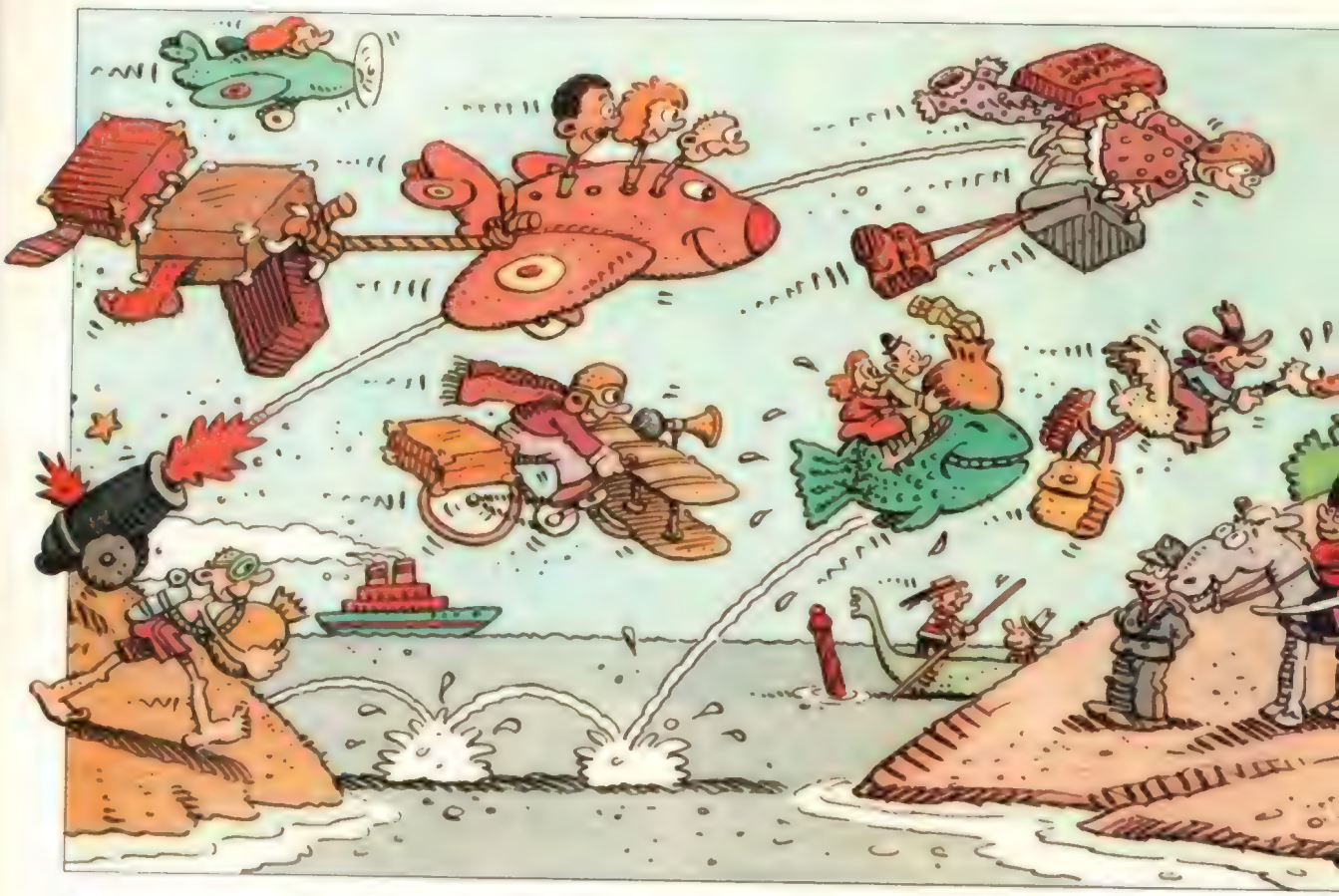
At Ford Motor Company things have changed. For the better. Right now, we're producing the highest quality cars and trucks of any major manufacturer in America. And that's only the beginning. A tremendous investment of time, money and hard work is producing the greatest outpouring of new products in automotive history. We've got a lot to be proud of at Ford Motor Company, and yet there is still much to be done.

We have dedicated ourselves to the task of making the quality of the American automobile, once again, the envy of the world.

Ford

Quality is Job 1

Ford · Mercury · Lincoln · Ford Trucks · Ford Tractors



Living

COVER STORY

Americans Everywhere

They're taking off in record numbers, and Europe is the big bonanza

They are returning this summer not with bombs or bands, as they have in the past, but quietly and assuredly, like friends of the family. American tourists, who were driven from Europe by the dollar devaluations and the oil embargo of the early 1970s, are finding their way back in force. From Sicily to Skye and Positano to the Parthenon, the accents of Dixie and down East can be heard again in the pubs and bistros and *trattorie*, in cathedrals, castles, stately homes, museums, opera houses and a million stores.

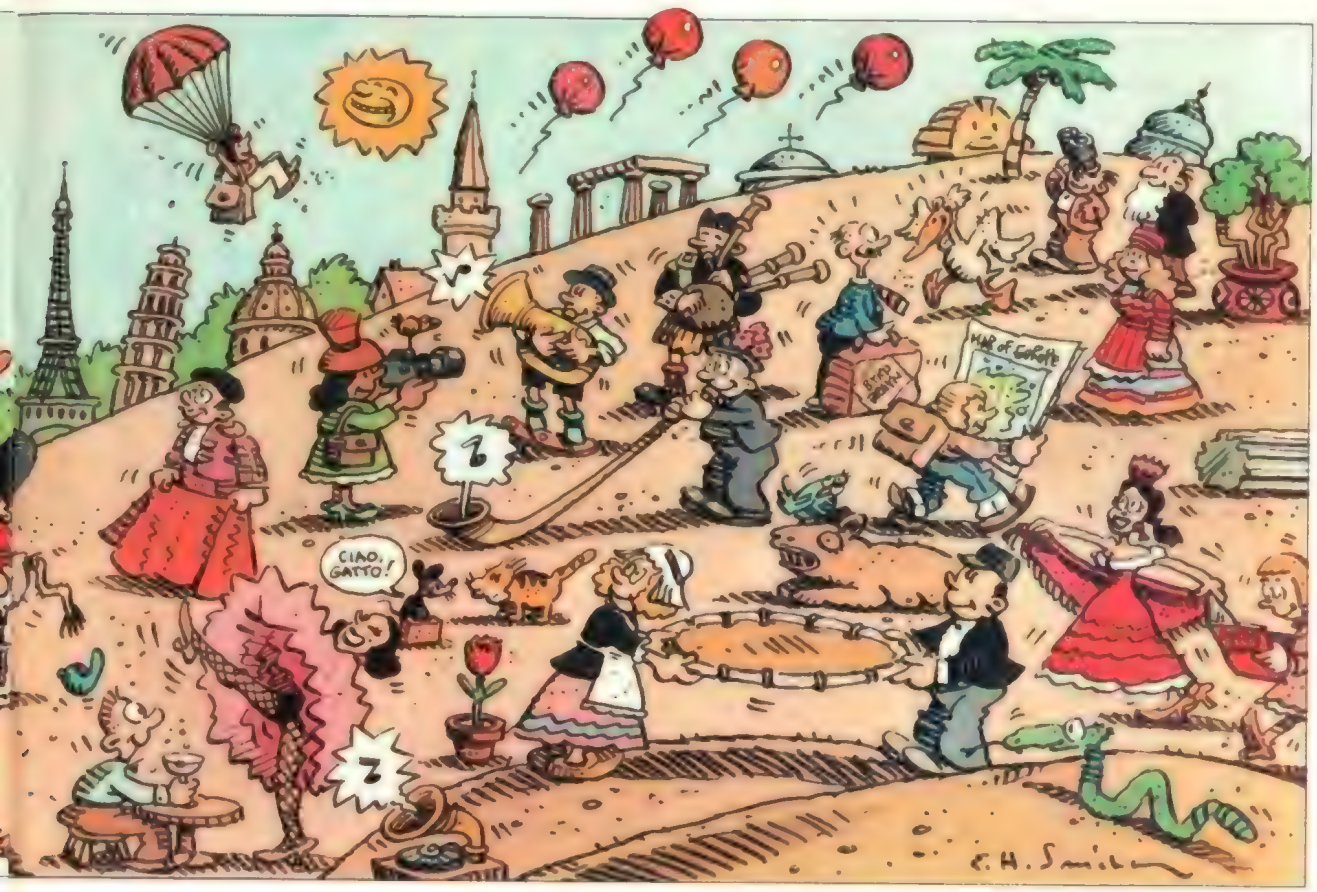
The exodus is evident throughout the U.S. Airline and travel-agency telephones have been buzz busy since early spring. Airports are crowded not only with departing tourists but with the homecomers as well, who often face wearisome waits for Customs clearance. Even cab drivers, taking Europe-bound passengers to the airport, share details of the trips they have already made this year or plan to. Owners of French and Italian restaurants find that many of their patrons have deserted them for restaurants in France and Italy; Los Angeles Restaurateur Paul Bruggemans, eyeing his semi-deserted Le St. Germain, says, "Europe is the big bonanza." "We are seeing a tremendous bounce back of vacations in Europe," says Richard Roberts-Miller, president of Chicago-based Thomson Vacations, a big worldwide tour operator. "Those who haven't traveled for a couple of years are going on a binge, and the market is going through the roof."

The Yanks are coming with cameras and phrase books and something new: pocket calculators, which have become essential for translating the volatile currencies of Europe into dollars. The dollar, as everyone knows, has never been lustier abroad,* and Americans are in the mood to spend. To encourage them, European Travel Commission ads across the U.S. proclaim: EUROPE! THE GRANDEST HOLIDAY OF ALL. NOW MORE AFFORDABLE THAN EVER. The Paris daily *Le Figaro* scolds the mother country for not wooing the American dollar more actively this summer and urges with a wiggle: "The objective in 1984 is to seduce the Americans." The Americans can't seem to wait.

Some 4.2 million U.S. visitors are expected in Europe this year, and that's a record. It is not only the robust buck that propels this amicable invasion. Most

*One dollar last week bought .65 British pounds, 7.7 French francs, 1,525 Italian lire, 119 Portuguese escudos, 148 Spanish pesetas, 2.1 Swiss francs, 2.6 deutsche marks.

Illustration for TIME by Elwood H. Smith



goods and services in Europe come cheaper this summer because many governments have devalued their currencies. In addition, Americans appear to have increasing faith in their economy. For example, schoolteachers, who traditionally account for an important part of Arthur Frommer Holidays business, are traveling in large numbers again. Connie Sykes, Frommer's general manager, explains: "Either they've decided they will continue to be employed or they've decided to stop worrying about it."

The recession of the past few years has created what analysts describe as an enormous pent-up appetite for vacations abroad. TWA Spokesman David Venz observes, "A vacation in Europe is easily deferred. People who have been working have been salting their money away." Lines have never been so long at U.S. passport offices. Between January and May, Americans picked up 2,021,007 passports, a 26% increase over the same period a year ago. At Manhattan's 630 Fifth Avenue passport office, applicants sometimes stand in line for as long as four hours. Alitalia flights from New York to Italy have been fully booked since early May. The new cut-rate ($149) People Express transatlantic flights are sold out through mid-September *(see box)*. Sales of American Express vacation packages, which are almost all priced below 1980 levels, are running 43% ahead of last year, and for the peak month of June were 100% ahead. TWA has already sold 175% more of its budget Supersaver tours than it did during the same period last year. Many budget packages are virtually sold out. To plan late is often to pay more this year.

The bonanza has caught many travel organizations with their telexes down. Carefree David Travels, an Atlanta-based agency that puts together charter packages for travel agents, has had to add five staffers and five telephone lines since June 1, and could use five more employees if it had time to train them. Charter Travel Corp., which specializes in scheduled charters and operates out of Chicago and Minneapolis, has added eight U.S. cities and three European destinations in 1983.

For a great many middle-aged, middle-class Americans, this year's visit to Europe is a return trip. "Fewer innocents are going abroad," says Adele Klate, owner of Los Angeles' Gulliver's Travels. "They know the small hotels, the little restaurants. They're not buying the highly touted places any more." The American tourist *redux* is more worldly in his activities and tastes, particularly when it comes to food and wine. He does not recoil from snails, eels and sweetbreads as he once did, orders *tortellini ai funghi porcini* with authority, and often chooses a vintage he knows from back home.

Maurizio Manzini, manager of American Express in Rome, sees the emergence of a "new kind of American in Europe." He explains, "Today's tourists have more interests and a different cultural background from the elderly, usually wealthy client who in past years wanted everything organized down to the last, tiniest detail. They like to wander and find out things on their own."

"The American no longer has the image of a spender who throws away money," says Athens American Express General Manager George Efthyvoulidis. "He expects something in return." That lesson is apparent at least to Johannes Brenner, who owns a popular souvenir shop behind the Cathedral of Our Lady in Munich. "In former years," he confesses, "Americans were the main customers for those porcelain monsters—the huge vases and ornate groups and centerpieces, laced figurines and gilded plates. Now we sell those to the Near East. Americans know too well what Rosenthal, Meissen and Nymphenburg should look like. We still sell a good deal of kitsch, but Americans buy it now because it is amusing."

The Ugly American image is largely forgotten. For one thing, though they spend more money and time in Europe than any other non-Continental nationality, Americans today are only a part of the tourist mass. As Atlanta Travel Agent

A few steps on the way to the passport office at Manhattan's Rockefeller Center: certified birth certificate; ID card with photograph or description an

Phil Osborne puts it, "The whole planet earth is traveling." Ten times as many Germans as Americans visit Italy each year; as many vacationers on the Continent come from tight little Britain as from the entire U.S. By contrast with the early days of jet travel, when tourists from the heartland came dressed in Hawaiian shirts and Bermuda shorts or polyester pants, and asked stridently for their bills in "real money," most Americans today are well attuned to European sensibilities A customer-service official at a Stockholm Nordiska Kompaniet department store says mildly: "We no longer see so many 85-year-old teen-agers with rhinestones on their eyeglasses."

For their part, Americans are finding summertime conditions in Europe less than idyllic. The hassle has to be viewed as part of the fun Airports, particularly in Spain, Italy and Greece, tend to be chaotic. In Athens or Rome, it can take half a day to cash a traveler's check at a bank. Pickpockets have proliferated in most major cities, particularly in Seville, Madrid and Paris, where organized bands of small boys prey on the unwary in places like the Louvre; there local police have even enlisted American tourists to act as decoys. And travelers protest as bitterly as ever about the all too many Parisian waiters who cling to their historic tradition of rudeness, slovenliness and occasional dishonesty. (But this is a Paris phenomenon. Americans seldom complain of the service in the rest of France.)

Most museums in Italy and Greece close in mid-afternoon, just when Americans want to visit them. The pubs in Britain seem to be closed most of the time. All the ice cubes in Europe disappear on a hot day. Driving can occasionally resemble either a safari or a Grand Prix race, depending on whether you are in the countryside of Portugal or on the *Autobahnen* or *autostrade* of Germany or Italy. Despite such hazards, few Americans appear unhappy enough to talk of packing up and going home. They can, after all, always try another country

Europe, of course, is not the only beneficiary of American savings accounts. Mexico, thanks to the devalued peso, is still attracting record numbers of tourists: at resorts from Cancún to Acapulco, many of the hotels are booked solidly through summer at bargain rates. One of the top tourist attractions this summer is Jamaica, stable again after several years of political turmoil. Israel, with diversified activities ranging from inner-tubing down the Hatsbani River to skindiving at Elath, expects more than 300,000 American vacationers, of whom only 50% are Jewish. India is cashing in on its recent film fame with such offbeat ventures as a 15- or 21-day trip, "In the Footsteps of the Mahatma," tracing Gandhi's life (at $85 a day), and vacations at The Lake Palace hotel in Udaipur, where parts of *Octopussy* were shot. Australia and New Zealand are enjoying a tourist boom, thanks to Yanks. Luxury liners expect to draw 15% more passengers than last year, and boast that 40% of the Love Boat crowd nowadays is under 35. There is an ever wider choice of far-out adventure vacations: trekking in the Himalayas, gorilla watching in Rwanda, bicycling through the People's Republic of China.

Touring in Europe these days also leaves more to individual choice. One boon for free spirits is the hotel voucher plan, available throughout Scandinavia and in Switzerland, by which travelers can choose in advance from hundreds of participating inns and hotels; a tourist is thus free to arrive with only 24 hours' prior notification. One way of escaping the formalities of hotel living is to stay at a farm or a country manor. Private agencies and government tourist commissions make such accommodations available at low prices. Many European countries offer *prix fixe* tourist meals that are obtainable at hundreds of restaurants for as little as $6.50.

Charter flights, which six years ago ac-

Hot-air ballooning over Burgundy

Tourists at the Parthenon inspect the glory that was Greece

signature; two new 2-in. by 2-in. photos taken against a white or off-white background; and a fee of $42 for adults, $27 for minors

counted for 28% of the tourist traffic, lost much of their business, but in the past two years have steadily regained force. This summer privately booked aircraft hope to take some 15% of all American tourists abroad. No longer is the charter trip uncertain and uncomfortable. Such is the buying power of travel wholesalers that packagers can almost always provide better rooms and entertainment for the price than the individual can negotiate. Says Air Florida Official Robin Cohn: "It's almost stupid not to take a charter package."

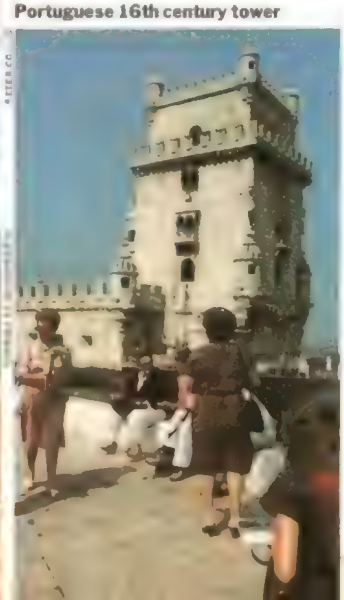
To accommodate the sophisticated, independent-minded traveler, Thomas Cook Inc.—which originated the package tour in the 19th century—trains all its counselors to interview customers about their special hobbies and interests. Says Rod Fensom, Cook's Chicago-based field marketing manager: "Americans are more involved with self-enrichment travel tailored to their own individual tastes. There is a resurgence of charter travel this year to single destinations. Gone are the days of the 'If it's Tuesday, this must be Belgium' tourist."

There are bird-watching tours, famous-garden tours and even trips arranged by half a dozen organizations in England that allow a privileged few tourists a chance to stay in stately homes with their titled occupants. For $90 a night, the venerable Lady Heald of Chilworth Manor, a converted 11th century monastery, will entertain and dine with a couple. Car buffs can arrange visits to the Mercedes, Lamborghini, Ferrari and BMW factories and the antique-car museums of Europe. The cost for that is about $2,900 for two weeks (airfare included), but the participant can save $4,000 by buying a Mercedes overseas and bringing it back to the U.S. The demand for deluxe travel is as lusty as ever. Says Atlanta Travel Agent Phil Osborne: "People are buying the Orient Express from London to Venice like popcorn. That's $550 for 24 hours on an old, refurbished train, not including meals. Yet we can't get enough seats."

Major religious celebrations this year include the Vatican's Holy Year of Redemption, which extends through next Easter, and Martin Luther's 500th birthday. Lufthansa and several travel agents and religious organizations have planned a series of tours tracing Luther's life. One of the most recondite cultural vacations available is a 27-day Plantagenet tour of medieval England and France, a $3,945 trip arranged and led by Peter Gravgaard, a Danish citizen who has taught literature in the U.S. and Europe.

Americans lunching alfresco aboard hotel boat in Positano, Italy

Portuguese 16th century tower



Music tours are among this year's biggest attractions. Dailey Thorp Travel, a Manhattan agency that handles only musical vacations, has had a 30% increase in bookings over the past year; virtually all of its nine European tours are sold out, even though they are all first class at premium prices. A popular novelty this year is what Dailey Thorp calls the Cultural Blitz Tour, a three-day weekend of cultural events in Europe. These tours, the agency's Don Fannon explains, "appeal to a lot of professional people who can afford to take one or two days off from work, but not a whole week." More Americans than ever are attracted to train travel: an American Express rail tour of Europe is sold out; at least 10% more vacationers have bought Eurailpass.

Earthwatch, a nonprofit scientific research organization based in Belmont, Mass., will send 625 vacationers on expeditions that include a probe of 90-gun H.M.S. *Coronation*, which sank off Plymouth in 1697, and a dig for Bronze Age artifacts along the Esk River on the Scottish border. Virtually every European country offers at least two or three music festivals, and almost everywhere, every week, there are rumbustious folk festivals, with such attractions as jousting knights, wrestling Tyroleans, strawberry-eating contests, battling bargemen and tootling bands. A country-by-country summary of seasonal highlights:

BRITAIN. As in the past, this will be Americans' favorite country: a record 2

People Expressing Themselves

The flight attendant's after-takeoff chant is so familiar that to an experienced traveler it sounds like "Blah, blah, blah, seat belts. Mumble, jumble, life vests under your seats." Suddenly there is an ear-opening sentence: "Welcome to People Express, the fastest-growing airline in the history of aviation!"

Welcome, indeed. We are aboard People's el cheapo $149 Newark-to-London flight, and the mood of most of us is light to the point of giddiness. Who cares if it costs $3 to check a suitcase? Most of us are traveling light. So what if instead of the free, creamed-Styrofoam bits that most airlines serve for meals, we have to pay $6 for a boxed lunch? Leg room is minimal, every one of the 390 coach seats is occupied. But we are flying in a real 747 jumbo jet, and 6½ hours from now we will arrive in England.

The pinchpenny flights (a little more than half the lowest regular coach fare) have been running at capacity since a fortnight after People began its London service on May 26th, and are sold out through mid-September. But there are always stand-by seats; a People reservation requires no advance payment—fares are collected on board—and there are a lot of no-shows. As few as ten and as many as 90 or more stand-by places are available on a typical night. The trouble is that People is not hooked up to the national computer reservation clearance, and its phone service is primitive. For each departure there are likely to be twice as many would-be passengers as seats. Those who lose out have the choice of taking a taxi to a nearby motel, which is not in the spirit of cut-rate fares, or sleeping on the marble floor of Newark airport's dreary North Terminal.

HUGH PATRICK BROWN

On their way: passengers board the jet in Newark

On a mid-July Saturday afternoon, some 150 dazed travelers kept their vigil. Many had camped in the terminal for four days. "I've had it! I want a bath, I want a bed, I want clean clothes," said Sharon Mann, 23, a drama student in a formerly yellow blouse. Aleyda Warren, a Londoner who had been visiting friends in Connecticut, figured that she had spent $100 during her four days in line. Other stand-bys were cheerful: Bill Lockyer and his wife Joy, a retired couple from New Zealand, had seen a Broadway show (Elizabeth Taylor in *Private Lives*) with the money they would save on People. A bargain, said Lockyer; if they lost out on the Saturday plane they would line up the next day at 6 a.m.

David McConnell, a young Irishman who had just earned an M.A. degree in geology from Oklahoma State, had tried a desperate stratagem after failing to make the cut. He and a friend flew via People from Newark to Atlantic City and back in the morning, for $23 each way. This put them on a priority list of People's incoming passengers. But, said McConnell, so many other line squatters had done the same thing that priority might not mean much. "You get rather paranoid," he said. The major gripe is that the airline does not carry over stand-by lists from day to day, so that time served is not rewarded.

At 6 p.m., a customer-service manager intoned the names of several dozen stand-bys whose stay in purgatory was over. A big grin from McConnell. Another from Joseph Young, 41, an amiable, heavy-set black architect from Philadelphia who had spent 2½ days in line. Yelps and dancing from Sharon Mann, and weak cheers from her friends whose names had not yet been announced.

Stories filter back from Europe about all-night parties on People flights, or about women who dress for the occasion in nothing but sweaters and pantyhose. Not tonight; we were wearier, more wrinkled and better acquainted than most plane populations, but we were not bizarre. As Newark fell away behind us like a beer can thrown out of a car window, we rediscovered each other ("Hey, there's Noam!" "The punk kids made it!") and pondered whether, at a price, to order coffee, tea or gin. Back at North Terminal, only a grubby memory now, veteran squatters were getting comfortable in front of the stand-by counter, and newcomers were wondering how they would live through the night. —*By John Skow*

million visitors are expected, even more than came in 1978; already in April, the numbers were up almost 30% over the same month a year ago. This despite the fact that most prices, particularly in London, are the highest in Europe. According to the British Tourist Authority, Americans these days generally know their way around: they have "done" the obligatory sights and scenes like the Changing of the Guard and Westminster Abbey. The biggest draw remains the theater, where a good seat for a current hit like Tom Stoppard's *The Real Thing* costs around $15.

A new attraction at the venerable Victoria and Albert Museum is a dress collection featuring an exhibition of classic fashions of the 1950s and '60s. Another novelty on Yank itineraries: Castle Howard, which gave television's *Brideshead Revisited* its essential touch of aristocratic languor; the castle is 60 miles from the great cathedral city of York, worth a visit in itself.

Britain is an island festival all summer and into October. A delightfully offbeat itinerary for the visitor to Britain is offered by Boston's Esplanade Tours: intimate excursions (limit: 15) through Wales and England's West Country highlighted by a sing-along with Welsh miners and tea with the Bishop of Exeter ($2,390, not including airfare). This year is the Festival of Castles in Wales, which has more battlements per fiefdom than any other part of Europe and has scheduled special events ranging from ox roasts to sound-and-light shows.

There are vintage-car rallies in Humberside; a steam engine and organ rally in Yorkshire; a Teddy-bear picnic in Cumbria; a historic-car race in the east Midlands; a medieval jousting tournament in Leicestershire; flower festivals, sheepdog trials and aerial circuses.

FRANCE. For the first time in memory, a vacation in France is affordable: the dollar buys almost twice as many francs as it did four years ago. Americans—some 1.4 million this year—are lining up to cash in. Bargains cover the spectrum from a signed silk scarf at Hermès at $65 to bicycle rental at a country train station (about $4 a day). Despite an annual 12% average increase in domestic prices, hotel rates over the past three years have taken a dive when measured against the dollar. At Paris' four-star deluxe Bristol, a single room that cost $180 in 1981 now goes for $124. A first-rate dinner in Paris is still high, but no longer astronomical. At Maxim's, the meal costs roughly $70 a person, not including wine or service; the restaurant's prices have risen only 15% since 1981. The capital's taxis charge less than $2 for a ride of a bit more than a mile; car rental for a long weekend can be as low as $41, with no mileage charge.

As in other countries, more and more Americans are heading for the provinces, where the life can be rich and full and cut-rate. One of the best bargains this year is a stay at some of France's 5,000 châteaux, a

few of which are members of chains like the Relais and Châteaux grouping. The 16th century Château L'Esclimont, less than an hour's drive west of Paris, is set among undulating hills inside a walled 150-acre wild park. A balconied apartment, with terry-cloth bathrobes, curtained beds and a bowl of cherries awaiting the guests' arrival, can be had for a bit more than $100. The 43-room castle has an excellent restaurant where a seven-course meal costs $33 a person, wine and tips not included.

In France this year, marking the 200th anniversary of the Montgolfiers' first balloon ascent, hot-air balloons are hot indeed; the original flight will be re-created Sept. 19 at Versailles. Meanwhile the Grand Palais is holding an aviation exhibition, with machines on loan from Washington and Moscow, through August. Hot-air flight is also the specialty of the 18th century Château Cezy, located 90 miles southwest of Paris. Its owner, Englishman Donald Porter, offers fearless vacationers ballooning in Burgundy, a four-day, three-night aerial adventure. Meals and wines are lavish, with matching prices: $1,700 a person for three nights. Guests who prefer water to air can join the château's six-person "gourmet barge," which costs $6,000 a week to charter, all meals and wines included. Professional travel notes: airline tickets, hotels, tours and so forth are cheaper if paid for in francs in France. The exchange rate for traveler's checks is always better at banks than hotels.

ITALY. Its fashions, food and wines already captivate the U.S. consumer, and Italy may draw more Americans this year than any other country save Britain. Despite increases of 10% or more for air and train fares, hotel, meals, gasoline and other tourist essentials, Americans, taking advantage of the favorable exchange rate, are spending more time and money in Italy than ever before. For returning visitors bent on escaping the usual roster of sun, sea, pasta and churches, cultural organizations like Alcatraz (no connection with the San Francisco penitentiary) offer courses in such offbeat subjects as ceramics and theater furniture making. Cooking courses abound, notably New York-based Marcella Hazan's in Bologna.

Cashing in on the new ascendancy of Italian wines in the U.S., a number of tour operators are offering a variety of wine tours, with immense success. One extravaganza, a twelve-day Bacchanalian Trip organized by Compagnia Italiana Turismo (CIT), meets guests at the Rome airport and deposits them, twelve vinous days later, at the Turin airport. The $698 immersion includes hotels, unlimited wine bibbing, visits to vineyards and cellars in the major winegrowing areas, and espresso and sympathy the mornings after.

At Rome's deluxe Excelsior Hotel, with a 50% American clientele, a single room costs from $92 to $118. However, a centrally located double room with bath in a comfortable but nonswank hotel can cost as little as $37. A medium-size rental sedan, say a Fiat 131, goes for $559 a week with unlimited mileage.

WEST GERMANY. Some prices have gone up this year, especially on restaurant meals and hotel rooms in the luxury class. However, the 30% rise in the value of the dollar since 1980 more than offsets such increases. A pleasant middle-class hotel like Munich's Bundesbahn Hotel charges about $55 for a double. Says Josef Dureck of the German Tourist Board: "Far from being hard to afford as it was three years ago, for the American tourist Germany now appears to have turned into the bargain it was a decade ago." Indeed, Americans (the second biggest national contingent after the Dutch) are Germany's biggest-spending visitors, laying out some $930 million a year.

Germany's music attractions are among the most prestigious in Europe. Apart from the Munich and the Bayreuth Wagner festivals, which have long since been sold out, there are *Jugendfestspiele* at Bayreuth in August, Ansbach's legendary Bach week also early in August, and open-air opera at Augsburg and Heidelberg, followed in September by the Berlin Festival centering on Herbert von Karajan. West Berlin has become as racy as it was in the '30s, drawing Americans by the hundreds with dozens of cafés offering every variety of decadence

A big event for many Americans visiting Germany is the tricentennial of the first German immigration to the colonies; there are more than 52 million U.S. citizens of German descent. Lufthansa has arranged a series of German Heritage Tours to various areas.

AUSTRIA. A low inflation rate (about 4%) and ambitious plans to earn tourist income seem to be paying off. In May, 17% more Americans visited Austria than in the same month last year, while 30% more registered in Vienna alone. Hotel and restaurant prices have been firmly kept down. A good dinner with wine or beer in a pleasant restaurant can cost around $10; a first-class double room in Vienna with bath and breakfast costs about $100, but is not even half as much in the provinces. The Austrians have developed a variety of "hobby vacations," ranging from a course in engine driving on a narrow-gauge railroad to auto racing with formula Fords. Village festivals include Tyrolean wrestling matches, boatmen's jousting on the Salzach River, and the special day when the cattle are driven down for the winter from the high Alpine pastures. The festivities are invariably accompanied by the oompah of local brass bands in native costume; the Austrian Tourist Board claims that there are more such bands than there are villages in their country.

SWITZERLAND. Despite the country's expensive image, more and more Americans are heading for the Matterhorn. In 1982 there was a more than 15% leap in the number of nights spent by U.S. guests in Swiss hotels; a 10% jump is expected this year. Thanks to an inflation rate that has averaged 4.5% over the past five years, some hotels have not raised

Estimated costs at moderately priced hotels and restaurants in U.S. dollars

	London		Paris		Bonn		Madrid		Rome		Lisbon		Amsterdam	
	1980	**1983**	1980	**1983**	1980	**1983**	1980	**1983**	1980	**1983**	1980	**1983**	1980	**1983**
Hotel room	$88.90	**66.80**	$76.85	**59.75**	$40.10	**49.65**	$46.80	**38.95**	$62.00	**52.00**	$34.90	**33.00**	$56.35	**41.45**
Breakfast	10.65	**7.50**	5.50	**7.90**	4.90	**3.10**	6.15	**3.10**	5.60	**10.70**	6.20	**4.90**	5.30	**6.50**
Dinner	18.95	**17.75**	25.40	**18.00**	23.20	**19.90**	21.80	**17.50**	14.50	**17.60**	15.35	**13.55**	20.80	**22.35**

Source: U.S. State Department

TIME Chart by Renée Klein

prices since 1980. In addition, notes John Geissler of the Swiss National Tourist Office, "you can eat in ordinary restaurants with reasonable prices and have a very good meal. You do not have to go to the luxury restaurants." Nonetheless, grande cuisine can be savored in Switzerland, notably at Girardet, near Lausanne, which ranks as one of the finest "French" restaurants in Europe.

Tourists can settle down in a comfortable three-bedroom chalet in a mountain village for about $240 a week, and are encouraged to live like the natives. Venturesome vacationers can rent gypsy wagons in the bucolic canton of Jura, on the French border, and clop-clop from one village pub to another. For the stalwart, there are donkey safaris in the Alps; one partner rides and the other pulls. International cultural attractions include Lucerne's music festival saluting Brahms and Wagner in August and September, the Locarno film festival in August and performances of *William Tell* in Interlaken through September.

SPAIN, which has been one of the leading vacation bargains of Europe for more than three decades, is still a country where a dollar goes a long way. Though

Why Not the Best?

They practically tumble off the shelves in an avalanche of stars and toques, bursting open with emphatic recommendations and indignant dismissals in unprecedented profusion; if they could talk, there would be an argument. The best hotel in Paris? The finest painting in the Prado? The tastiest little trattoria in Trastevere? Guidebooks, those quirky, opinionated and impassioned travelers' aids tout the virtues of everything from a stroll down the Strand to a tour of the catacombs. A sampling of the more comprehensive:

Europe 1983 edited by Stephen Birnbaum; Houghton Mifflin; $13.95. This is the pick of the single-volume books, a guide to the bests: ski areas, tennis clubs, museums, music festivals, language schools, even flea markets. Birnbaum provides detailed sightseeing itineraries as well as separate entries on 34 major cities. Written in a brisk, chummy style, *Europe 1983* is like a long chat with a peripatetic friend whose tastes you share.

Europe 1983-84 edited by Robert C. Fisher; Fisher Travel Guides; $14.95. Begun last year by the former editor in chief of the *Fodor's Modern Guides*, the 16-volume Fisher guides are aimed at travelers who like other people to make their decisions for them. Everything—hotels, restaurants, sights, museums and points of interest—gets from zero to five stars, which saves those who are in a rush to hit the beach the necessity of having to read the breezy text or the cute but helpful marginal annotations. Although the Fisher European tour whirls through 18 countries, it is often finely detailed, right down to the best restaurant in Delphi (Grigoris) and the best attraction in Oslo (Vigeland Sculptures, Frogner Park).

Fodor's Europe 1983 Fodor's Modern Guides; $12.95. This classic series, founded by Eugene Fodor in 1936, is sober and serious, at times more British Victorian in outlook than modern American. (Describing Europeans in his introduction, British Writer John Ardagh intones: "What does Europe really have in common, beyond geography? . . . Above all, we comprise the great Caucasian family of white peoples . . .") *Fodor's* is especially trustworthy on hotels and restaurants. A knowledgeable, well-organized, basically middle-class peregrination through 33 European countries, colonies and principalities that leaves no worthy stones unturned, even if they are in Albania, Gibraltar or Liechtenstein.

Fielding's Europe 1983 Fielding; $12.95. This is the 36th annual edition of the late Temple Fielding's gentlemanly survey of Europe's palaces, fleshpots and spas. Old-fashioned, with an unabashed dollop of modest sexism (the text refers to Fielding's wife as "my Nancy"), it is written in a style once aptly described as "Rotarian baroque" and infused with a crusader's zeal. Occasionally, there is a pawky sense of humor at work: of Claridge's hotel in London, Fielding observes, "Finding space will be the problem, since it is inhabited by client legacies that go back to the time of the Picts." Designed for a vanishing clientele—the affluent, ignorant American—*Fielding's* could stand revision in tone, if not in substance, to remain competitive.

Europe on $20 a Day by Arthur Frommer; Frommer/Pasmantier; $9.95. It started out as $5 a day, but times and the inflation rate have changed. Frommer, however, has not. Still the popular Baedeker of Bermuda-shorts wearers everywhere, *Europe on $20* approaches the Continent as a kind of Disneyland for post-adolescents, and brims with a wide-eyed sense of wonder. But after one too many meals in department-store cafeterias, one too many Dickensian bed-and-breakfasts and one too many afternoons of hauling dirty laundry around Zurich in a vain search for the cheap laundromats that Frommer assures us "abound" (they do not), even the most economical tourist may sneak a look at what Birnbaum has to say.

Let's Go: The Budget Guide to Europe 1983 St. Martin's Press; $8.95. Tunisia, Morocco, Greece, Egypt, Israel: these contemporary meccas of American students are each thoroughly covered, along with a frugal European grand tour, in this guide issued annually by the Harvard Student Agencies, Inc. Even more rock-bottom, pricewise, than Frommer's guide, *Let's Go* offers tips on youth hostels, hitchhiking, overseas study and controlled substances ("The best advice is to stay away from drugs in Europe"), as well as sensible sightseeing suggestions.

Amid the welter of guides to individual countries, **American Express** stands out with a new series of eight pocket guides (Simon & Schuster; $7.95 each), detailed, small-print tours of cities and regions. The excellent volume on Rome includes history, sights, even ice cream shops. These minis are handy, although the profusion of tiny symbols can be confusing. **Berlitz,** in addition to its well-thumbed series of phrase books, publishes city guides ($4.95) to sightseeing and activities, but do not look here for hotel or restaurant recommendations.

By far the wittiest, if not the surest, books are the **Gault/Millau** guides (Crown; $11.95 each) to Paris, London, New York and France. The work of two dedicated French *cuisinartistes*, to whom a badly cooked meal is a personal, nay national, affront, Henri Gault and Christian Millau's assessments of hotels and restaurants are unfortunately often more informed with high passion than sound taste. More reliable is the august **Guide Michelin,** long the three-starred supreme arbiter of hotels, restaurants and touring, not so much written as compiled, as if by God himself.

—By Michael Walsh

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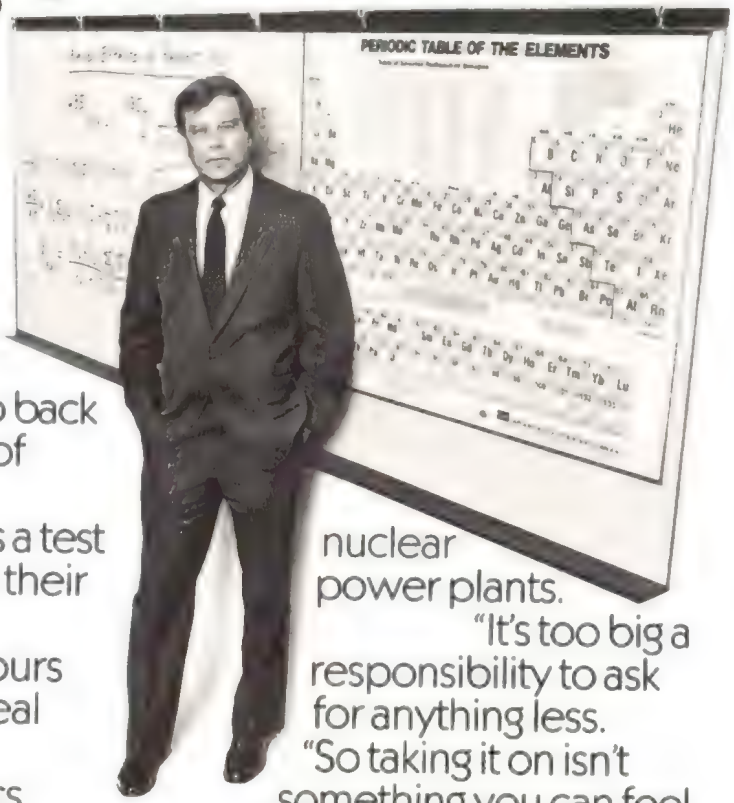

"They have to go back to school one week out of every six.

"And every year, pass a test to prove they can still do their job right.

"Survive six long hours of questions that take a real knowledge of algebra, chemistry, nuclear physics, thermal hydraulics and a whole lot more.

"And those are just the fundamentals.

"All told, we give our operators more training than a commercial pilot has to have.

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"It's too big a responsibility to ask for anything less.

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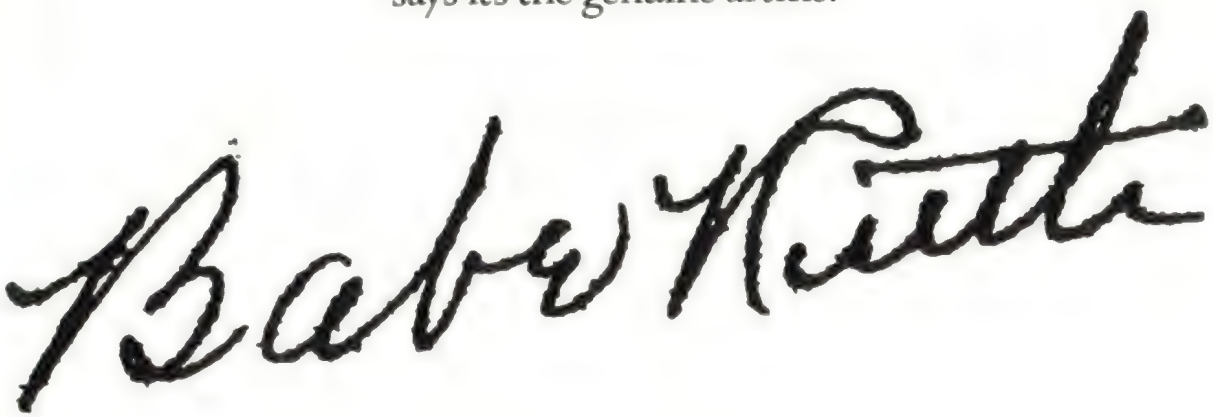
says it's the genuine article.



In photoprocessing, this new signature
says it's the genuine article.

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low prices make it one of Europe's most popular with backpackers, the government has tried hard to attract older, better-heeled visitors from the U.S. One magnet is the national chain of *paradores*, handsome, comfortable country inns, many of them in old castles or monasteries like the Parador Nacional de San Francisco in Granada, where the atmosphere is Moorish and rooms are priced at less than $50 for two. Granada is also the site of an international music and dance festival during July with world-class chamber music and ballet. Tourists are discovering Galicia, on the northwest coast, a mild, fertile country with magnificent fjordlike inlets or *rias*. Galicia is also famed for its oysters, which rival French Belons or English Colchesters. The Basque country is attracting tourists who are not deterred by terrorist incidents. The Basques are Spain's unchallenged gourmets, renowned for such dishes as *marmitako* (fish soup), *shangurro* (stuffed king crab) and *porrusalda* (leek and potato soup with cod). At the Arzak restaurant in San Sebastián, a topnotch Basque meal, traditional or *nueva cocina vasca* (Basque nouvelle cuisine), costs less than $30, including wine. A fairly new attraction is touring the wine country, whose products are increasingly familiar in the U.S.

PORTUGAL, which for cognoscenti has long been a charming backwater, may be Europe's best bargain as a result of a 45% devaluation of the escudo in one year. Though hotels have raised prices 15%, rooms are still cheaper than they were last year: $55 to $70 for a double with breakfast at a five-star hotel; the fanciest suite at Lisbon's luxury Ritz is priced at $115. A Pan Am package includes airfare and seven nights in a first-class hotel for $479. Portugal's celebrated *pousadas*, a state-run network of 27 four-star inns, many in castles and palaces throughout the country, charge from $24 to $40 a night for a double with bath and breakfast. Restaurants, which still serve mostly superlative native dishes like *chanfana de cabrito* (kid stewed in red wine) and *leitão assado à Bairrada* (roast suckling pig), provide an excellent meal with *vinho verde* for as little as $13 a person. Portuguese food is changing. With the mass return of citizens from the country's former colonies, the cuisine has become one of Europe's most exotic, with dishes from Angola, Goa, Cape Verde and Timor.

The major cultural event this year is a dazzling exhibition of art, science and culture, the theme of which is Portuguese discoveries and Renaissance Europe. The works displayed range from the 15th to the 17th century, and the show has taken years to assemble from around the world. It is divided among five historical monuments in Lisbon. The Algarve, a longtime tourist favorite on the Atlantic coast with some of Europe's best beaches, boasts three Vegas-style casinos.

EASTERN EUROPE. The most popular cities this year are Budapest and Dubrovnik, Yugoslavia's Adriatic resort. The Hungarian capital is easy to reach by hydrofoil on the Danube from Vienna and has a reputation for being more hospitable to Americans than other Communist-bloc cities. A room at the Budapest Hyatt or Hilton starts at $50; an elegant meal at Gundel, the city's romantic garden restaurant, costs around $30 a person. Westerners get a kick out of tours of the Puszta region, where they feel at home on the range watching Hungarian cowboys rounding up cattle. With $20 billion owed Western banks, Yugoslavia is desperate to woo foreign vacationers. The government is even spending $6 million to import Western newspapers for tourists' consumption during the summer. Westerners can get a 10% discount on all goods and services. When it comes to such amenities as air conditioning, ice cubes and even a cup of coffee, Yugoslavia still has a long way to go. One measure of the country's need for hard currency is an almost philanthropic scheme by which U.S. servicemen stationed in Europe are invited to vacation at any of six Yugoslav army resorts: they have first-class accommodations, swimming pools, saunas and good restaurants, all for $12 a day.

The first wave of 1983 travelers is already home, and they are mostly delighted by the hospitality, the bargains and the rare attractions they were offered. Ronald and Sandra Karp of Belmont, Mass., who spent their June vacation in Florence, Rome and Venice, were deeply impressed by "unbelievable" low-priced meals. After all the warnings they heard about purse snatchers, says Ronald, "we were paranoid by the time we got there. But the Italian people were warm and friendly, and nobody cheated us." Many returning tourists babble of the bargains to be had in European stores; on goods ranging from Armani coats to Zandra Rhodes fashions, prices are at least 50% lower than they are in the U.S. (Moreover, this year tourists may bring home $400 worth of purchases duty free.)

ANTONIO SUAREZ

Windsor Castle guard puts duty before American admirers

More than ever, the returning voyagers speak glowingly of life in Europe's countryside, of good meals and friendly people in pubs, *auberges*, wine gardens and *pousadas*. Take Chicagoans Alvin and Susan Schonfeld, who are, respectively, a physician and an IBM telecommunications specialist. "We book into a major city," says Susan, "then try to get out into the countryside and talk to the people." After ten trips abroad, the only complaints they have are about "some terrible red tape in China."

But travel in foreign countries is more than the sum of its parts. It is a matter of cumulative exposure to the unknown and the unpredictable. To be successful, a trip abroad takes work, adaptability and patience, all very American characteristics. Americans may in fact be the world's most successful travelers, seldom—in the 1980s at least—evincing the faults of isolation, but showing an openness to experience at all levels. Consciously or not, knowledge is what they bring back along with the Kodachromes and fishermen's sweaters: knowledge and the overriding memories of good times. As one Rome-based American allows, "It's a great year to be in Europe, to be thin and to have dollars." And stamina. Never in peacetime have so many Yanks deployed themselves across the map of Europe in search of entertainment, uplift and, dammit, a good time. It may all prove a little too much for some. But England, as usual, has the answer. Its name is Ragdale Hall. A gracious old country manor in the midst of the rolling Leicestershire hunt country, it exists to restore and rehabilitate vacationers who are suffering from too much dammit. Rooms start at $61 a day, and guests are offered psychocalisthenics, saunas, massage, beauty treatments, tennis, swimming, diet meals, no children, no tour guides and no alcohol. There is absolutely nothing to do at all. It's marvelous. —***By Michael Demarest. Reported by Adam Cohen/New York and Mary Cronin/London, with other bureaus***

Paul Volcker Superstar

The Fed chairman must cool off money growth without halting the recovery

The cameras rolled beneath the television lights, and nearly 200 standing onlookers strained to get a view. The object of all the attention was towering (6-ft. 7½-in.) Paul Volcker, who was discussing the outlook for money growth and interest rates before a congressional committee that held hearings on his reappointment as Federal Reserve Board chairman. The rumpled, cigar-puffing Volcker has become the staid financial community's first superstar. So great was the interest in his remarks that the 3½-hour session had to be moved from the Senate Banking Committee Hearing Room to the cavernous Caucus Room, the scene of the Watergate hearings and the Senate's most ornate special chamber. Declared Republican John Heinz of Pennsylvania at one point in the hearing: "We're lucky to have you as chairman."

Volcker's appearance had aspects of high drama, even though his reappointment is certain, because he now faces what may be his toughest test as head of the Federal Reserve. The task: to slow down the growth of money without killing the economy's recovery. The money-supply measure known as M1, which consists of cash and bank checking accounts, has been growing recently at a blistering pace. The key indicator rose at an annual rate of 14.1% to $512 billion during the first half of the year, far above the Federal Reserve's target range of 4% to 8%.

That runaway expansion is forcing the Fed to make delicate decisions. Volcker could push interest rates up sharply to slow money growth, but that would risk aborting the seven-month-old recovery. A big jump in credit costs could also cripple the ability of such borrowers as Brazil and Mexico to repay their U.S. bank loans. "We're going through the moment of truth," says Republican Congressman Jack Kemp of New York, a leading critic of tight-money policies. "What the Fed does now will determine the fate of the economy for the rest of the year, perhaps longer." Kemp said that President Reagan should withdraw Volcker's name from renomination if the Fed squeezes too hard.

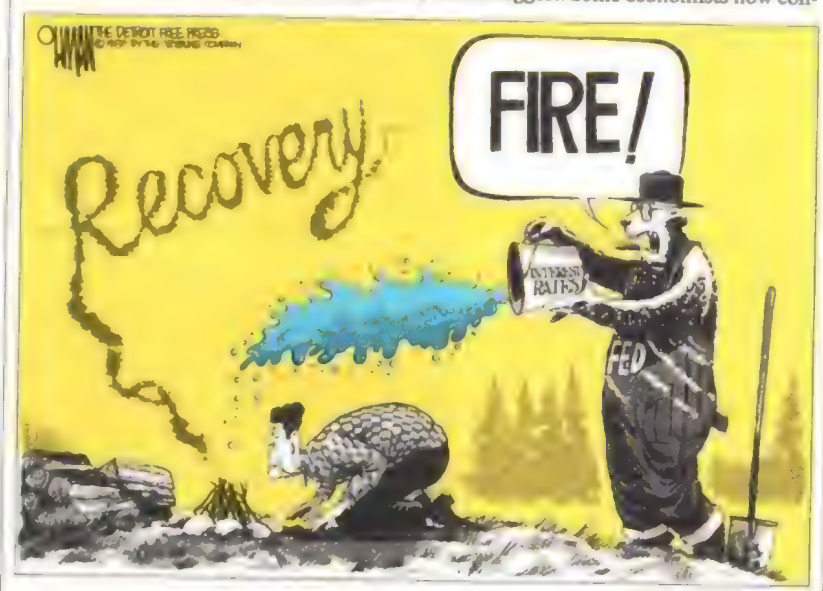
Some economists, on the other hand, fear that the Federal Reserve will reignite inflation, which now is running at less than 5%, if it does not halt the M1 expansion. The Government reported last week that producer prices rose at an annual rate of 5.6% in June. A renewed outbreak of rising prices would boost interest rates and eventually slow the recovery. Asserts former Treasury Secretary William Simon: "Unless somebody bites the monetary bullet, we're destined to pay the inflation penalty."

In his testimony, Volcker sought to reassure both those who worry lest the Fed overreact to the monetary growth and those who fear that it will do too little. He acknowledged that the Federal Reserve has been tightening over the past six weeks, and hinted that it will continue to do so. But he denied that the Federal Open Market Committee, the central bank's policymaking arm, had decided last week to clamp down hard on money. The day before Volcker testified, the twelve-member group completed a two-day meeting at which it determined guidelines for the next 18 months. "We haven't taken any strong action recently," Volcker insisted. "Anything I'd characterize as drastic isn't going on at the moment."

Minutes of the previous Open Market Committee meeting in May, released the day after Volcker's testimony, revealed that the group has turned into a battleground in recent months. The committee voted 7 to 5 during the May session to curb money growth moderately. Volcker had led the majority.

Little can be known for certain about last week's Open Market Committee meeting until the minutes are published at the end of August. Volcker, however, may reveal some policy guidelines this week when he testifies to congressional committees about the group's money targets for the year.

Volcker told the Senators at his reappointment hearing that the Federal Reserve is not overly concerned about the speedup in M1 growth, because it believes the rate of expansion is largely due to technical factors. Since June 1982, more than $34 billion has poured into interest-paying checking accounts, the so-called NOW and super-NOW accounts. The Federal Reserve argues that this development has distorted the M1 numbers and that money is really not growing as fast as statistics suggest. Some economists now consider M1 to be virtually meaningless. "It's a rubber yardstick," says Anthony Frank, president of First Nationwide Savings in California.



Other experts say the entire subject of money growth is filled with confusion. "Put half a dozen economists together in a room, and they couldn't tell you what M1 really is," says John Paulus, chief economist for the securities firm of Morgan Stanley. While Paulus estimates the true gain in M1 is smaller than the numbers suggest, he believes that moderate tightening is still needed.

Volcker did manage to startle some members of the Senate Banking Committee with one brief reference to his own future. Asked whether he would serve a full four-year term if reappointed, he replied,

"I do not feel committed to do so." Democratic Senator William Proxmire of Wisconsin said he was "somewhat shaken" by that admission. Volcker indicated, however, that he would stay on for at least two years. Volcker believes that the four-year terms of the Federal Reserve chairman and the President should roughly coincide. By leaving in two years, he would allow the next President to name his own man to the Fed near the beginning of the term.

Whatever happens to interest rates will have an impact on Wall Street. The stock market's bull market of 1982 was set off when the Open Market Committee voted last August to ease monetary policy, and the market has been reacting nervously to rumors of higher rates. Investor fears that Fed tightening would boost interest levels caused the Dow Jones industrial average to drop 14.92 points last week, to close at 1192.

The money master during hearings of the Senate Banking Committee

Aspects of high drama, even though his reappointment is certain.

The Reagan Administration, which fears that tight money could brake the recovery, has been making some clumsy attempts to influence the Federal Reserve's policy on interest rates. White House Spokesman Larry Speakes said last week that the Administration opposes any increase in the discount rate, which is the interest the Fed charges on loans to its member banks. A boost in the rate, which has been at 8½% since January, is unlikely, however, because it would indicate a strong shift in policy. Concedes a Fed official: "Nobody wants to send a signal of a tough new policy. At least not at this time."

Some key interest rates have started moving up in recent weeks (*see chart*). The level of three-month Treasury bills has climbed from 8.2% to more than 9% since May. The average cost of a home mortgage has risen from 12.6% to 13.3% over the same period. Asserts Harry Pryde, president of the National Association of Home Builders: "The housing-led recovery is in imminent danger of collapsing."

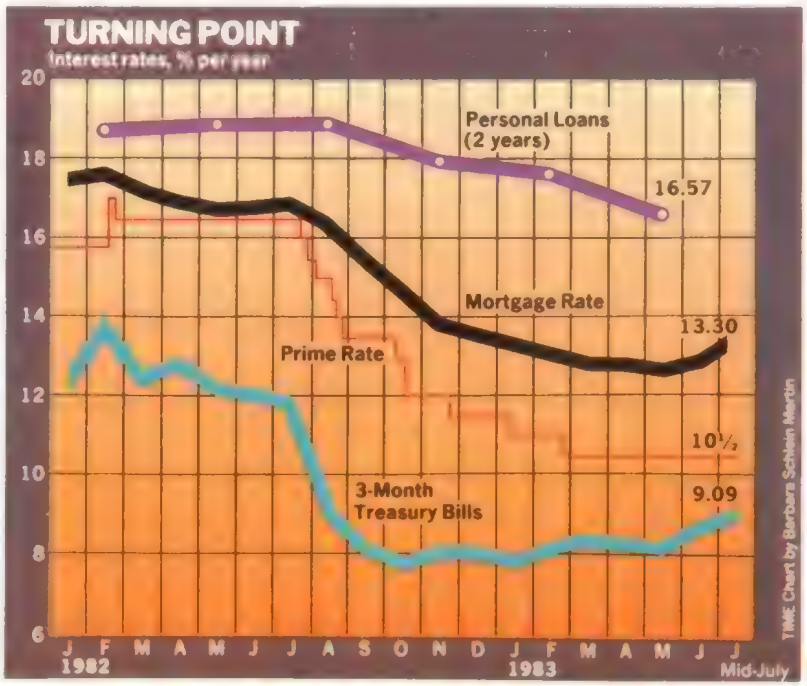
Interest rates are actually being pushed up mainly by heavy Government borrowing to finance huge budget deficits, which could reach $220 billion this year, rather than by the Federal Reserve's attempt to slow economic growth. The Treasury tapped credit markets for $41.5 billion during the second quarter, an unprecedented amount in a normally slack period. The Treasury borrowed just $11.7 billion in the second quarter of 1982.

The deficit will remain a stubborn obstacle to holding down interest rates. "You can't talk of monetary policy in a vacuum without reference to the enormous debt level and to the responsibility of Congress and the President," says Harry Freeman, a senior vice president of Shearson/American Express. "Volcker is being asked to keep interest rates down when he only has part of the action." Congress continues to fail to cut the fiscal 1984 budget deficit below the projected $180 billion. The Senate last week approved funds for the B-1 bomber and chemical-weapons systems. The House passed a new $15.6 billion housing authorization that will maintain the spending level of existing programs. Meanwhile John Chapoton, Assistant Treasury Secretary for tax policy, predicted that Congress will be unable to pass any substantial tax increases in the next two years.

Despite the prospect of moderately higher interest rates in the near future, economists are hopeful that the recovery will stay on course. "We have an economy that is bursting with energy," says Allen Sinai, a senior vice president of Data Resources, an economic forecasting firm. A new crop of Government reports indicated last week that the strong upturn is continuing. U.S. industrial production rose 1.1% in June, the seventh monthly increase in a row, while June retail sales gained .7%. Says Walter Heller, chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson "A percentage point increase on the interest rate would not abort the expansion because it's got a lot of speed—but then it needs a lot of speed." He added, however, that "it would be dangerous to tighten too much." Observes Alan Greenspan, who was President Ford's chief economic adviser: "Higher interest rates now will have very little effect on the short-term economic recovery."

If interest rates continue to rise, Volcker will probably be blamed, even though the cause may be fiscal rather than monetary policy. Senator Proxmire told the Federal Reserve chairman last week that in his new term he would face "condemnation, denunciation, criticism." Said Proxmire: "You start off with the warm approval of almost everyone, and with the blind high hopes from everyone that somehow you can keep interest rates down." But Proxmire added that this was impossible in view of federal budget deficits. Even superstars cannot do the impossible. Said Proxmire: "You just won't do it. You can't. No one could."

—*By John Greenwald. Reported by David Beckwith/Washington and Bruce van Voorst/New York*



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Chairman Lee Iacocca, right, declaring financial independence from Treasury's Donald Regan

Free and Clear

Chrysler pays off its loan

Confidence. There was no scarcer commodity at Chrysler two years ago, when the company tottered at the edge of bankruptcy. But that quality was center stage last week when Chairman Lee Iacocca announced that the company is ready to repay its remaining $800 million in federally guaranteed loans. "This is our declaration of independence—financial independence," said Iacocca. The money is being paid off seven years before it is due. Only last month the automaker unexpectedly returned $400 million of the $1.2 billion it borrowed in 1980 and 1981.

Chrysler can well afford to write these big checks. With auto sales zipping upward, the company's cash horde has grown to $1.5 billion. Sales in the first half of 1983 increased 24% from a year ago (349,978, *vs.* 432,814), and they jumped 51% in early July. Profits are also accelerating. Second-quarter earnings, to be announced this week, are expected to be nearly $300 million, the highest in company history. Analyst David Healy of Drexel Burnham Lambert predicts that Chrysler will make $875 million this year and $1.4 billion in 1984.

The company decided to settle its debt immediately in order to save an estimated $392 million in interest payments and to free itself from restrictions imposed by the Government's loan board. No longer will board approval be required on such minor corporate decisions as trips on the company's newly purchased jet. Chrysler will be allowed once again to pay dividends to stockholders and give bonuses to executives. The company's clean slate will also improve its credit rating and allow it to resume normal borrowing arrangements with banks.

The dramatic loan payoff was announced with quintessential Iacocca fanfare at a National Press Club meeting. Surrounding himself with key supporters of the Loan Guarantee Act of 1979, including Michigan Senators Donald Riegle and Carl Levin, Iacocca twitted those who doubted whether Chrysler would ever be heard from again. "We at Chrysler borrow money the old-fashioned way," he said proudly. "We pay it back."

The automaker still has to resolve one more sticky item of business with the Federal Government. As part of the loan agreement, the Government insisted upon the right to buy 14.4 million shares of Chrysler stock for $13 a share. When the agreement was made, Chrysler stock was selling for about $5.50. But it is currently trading at $31.50 a share, and the agreement could earn the U.S. Treasury about $250 million. In order to provide the shares for the Government, Chrysler claims, the company would have to float a new stock issue that would dilute the value of its existing stock. In May, Chrysler asked the Government to forgo its right to buy the stock, but the firm ran into such a blaze of protest that the company withdrew the proposal. Now it is seeking to negotiate a lower settlement. Iacocca hopes for an agreement soon, but he adds, "We've made a lot of offers, and they've turned the proposals down." Treasury Secretary Donald Regan, chairman of the Loan Guarantee Board, said the board would definitely not give up its claim. Nonetheless, it appears the Government might well settle for less than its full profit.

Chrysler's unions now want a share of the company's new prosperity. Said United Auto Workers President Owen Bieber last week: "Iacocca knows full well that it was the Chrysler workers, more than anyone, who made the sacrifices." The company's U.A.W. employees gave up nearly $1 billion in wages and benefits. Chrysler workers currently make $2 less an hour than their counterparts at General Motors and Ford. This week Chrysler and the U.A.W. will begin talks about immediate modifications of the current contract. An agreement could give workers at least a $1-an-hour raise by Labor Day. ■

Amex's IDS Idea

Moving into mutual funds

The marathon secret negotiations started in April with a visit by Alleghany Corp. Chairman Fred Kirby II to American Express at the invitation of Chairman James Robinson 3rd and President Sanford Weill. The talks progressed into July and were partly conducted by radio telephone between Kirby's isolated summer retreat in the Adirondacks and American Express headquarters in Manhattan. At one point, Kirby used a pay phone in a country hotel to call Weill, who told the Alleghany boss he was not "going to negotiate a billion-dollar deal on the telephone." Thus the executives met face-to-face in New York City last week and sealed the deal in a final 4½-hour discussion. American Express will buy one of the nation's major marketers of mutual funds and life insurance for a hefty $1.01 billion in stock.

The proposed purchase of Investors Diversified Services, the principal subsidiary of Alleghany, continues American Express's push into financial services. In addition to its own credit cards and traveler's-check business, the company already owns Shearson, a leading Wall Street securities firm; Fireman's Fund, a large insurance company; and the non-U.S. banking subsidiaries of Switzerland's Trade Development Bank. The deal puts American Express back into the mutual-fund market, which it left in 1975. IDS is one of the top ten American managers of mutual stock- and money-market funds. It runs 14 pools with total assets of $9.6 billion, manages pension portfolios worth $4.1 billion, and underwrites and sells life insurance and annuities. In all, IDS owns or manages assets valued at $17.6 billion.

Under the proposed agreement, Alleghany will become an investment holding company whose principal asset is American Express stock. The deal will make Alleghany the largest single stockholder of the financial conglomerate with about a 10% stake. Alleghany will receive 15.3 million shares of American Express, nearly three times its book value. Says Robinson in defense of the deal: "It's a high price, but it's got the sales force and management in place. You've got to pay a premium for that."

The proposed IDS acquisition would expand American Express's customer base and put it in direct competition with another new financial giant, Sears, Roebuck, for the middle-income market. IDS customers are mostly Midwesterners with incomes in the $30,000 to $65,000 range, slightly less affluent than the typical American Express client, who earns upwards of $50,000. ■

Rainy Days in Brazil

Foul weather and foreign creditors besiege a troubled nation

Once again last week, Brazil was at the brink. Part of its enormous $90 billion foreign debt was coming due, and the country had no way to pay. A team of tightfisted negotiators from the International Monetary Fund was in the capital city of Brasília demanding that in exchange for new loans the government had to curb its spending and cool inflation, which reached an annual rate of 180% during the first half of the year. Meanwhile, Brazilians, incensed by austerity measures already taken, were striking and taking to the streets.

As if that were not enough, huge parts of southern Brazil, hit by weeks of torrential rains, were under water. The floods have destroyed at least 1 million tons of stored grain, drowned herds of cattle, brought business to a standstill, left 340,000 people homeless and killed more than 100 in an area that generates roughly 18% of Brazil's gross national product. Said one pilot after a rescue mission: "The region is one immense lake with little islands where there used to be cities." With damages so far estimated at $1.5 billion, the military government of President João Figueiredo set up a calamity fund for flood victims.

The government, though, is financially strapped. It could not make a $400 million loan repayment due late last week to the Bank for International Settlements, which serves as a kind of central bank for the central banks of major industrial countries. BIS had twice postponed the deadline for this payment, but announced that it would give Brazil no more time. The BIS pronouncement was obviously designed to pressure Brazil into coming to terms with the IMF for additional loans.

The Brazilians had another reason to wind up the talks with the IMF quickly. President Figueiredo, who has a history of heart disease and had been suffering chest pains, had made plans to fly to the U.S. last week for a checkup and a possible bypass operation at the Cleveland Clinic Hospital.

Figueiredo made a dramatic appearance on Brazilian television Wednesday night. Admitting that "nature is being cruel to us" and that "the economy is ill," the President prescribed a shock treatment to reduce inflation. He decreed that beginning in August, cost of living wage hikes for all Brazilian workers would be limited to only 80% of increases in the consumer price index. In addition, increases in rents, mortgages and other payments tied to inflation would be subject to the same 80% cap.

After the President's speech, IMF officials praised his new austerity program. At week's end Brazil and the IMF negotiators were putting the final touches on a preliminary agreement clearing the way for additional loans that would save the country from default. Backing down from its earlier demand, the BIS announced that it could wait for its $400 million until Brazil had new IMF money. Confident that the immediate financial crisis was past, Figueiredo jetted away to keep his doctor's appointment in the U.S.

Even before the President's announcement, Brazilians had been anticipating wage cutbacks. Over the past two weeks, workers have staged a string of strikes, including an illegal six-day walkout by 1,350 employees at two state oil refineries. It was the first work stoppage in the crucial energy industry since a military coup ousted the last elected civilian government in 1964. In Rio de Janeiro, 30,000 protesters marched; many waved placards urging the government not to surrender the nation. After Figueiredo's speech, which seemed to confirm the public's fears, Joaquim Dos Santos Andrade, president of the São Paulo Metalworkers Union, said: "This is the best way to throw more wood onto the fire." A coalition of 31 metalworker unions called for a one-day nationwide strike this week.

Much of the anger was directed toward Brazilian Planning Minister Antônio Delfim Netto, whom many Brazilians hold responsible for their economic troubles. Amid calls for his ouster, Delfim seemed confident last week that he would keep his post. He told a reporter to "write down this headline: 'The crisis continues and so does Delfim.' "

In all, Brazil faces scheduled payments this year of $13.8 billion in interest and principal, far more than the country can raise without new credit. A $10.2 billion emergency loan package put together in February by the IMF and Western commercial banks came unraveled because the Brazilians did not meet all the agreed-upon conditions. Though they curbed imports enough to come very close to a target $3 billion trade surplus for the first half of the year, they failed to slow inflation and government spending. As a result, the IMF and the banks in May suspended the flow of loan money. Since then, Brazil has fallen more than $1 billion in arrears on its debt payments.

Brazil's leaders have come to recognize that one of the main causes of the country's problems is its indexation system, which makes inflation difficult to cool off once it heats up. The program unveiled last week is the first major step toward dismantling that system. In the past, price rises have led to automatic hikes of comparable size in wages, pensions, interest rates and other payments. When in-

Protesting metalworkers in São Paulo: a shocking setback for a country that only a few years ago was one of the most dynamic developing nations

dexation went into general use in 1973, government economists thought it would insulate people from the worst effects of inflation. The problem, however, was that unusual price hikes caused by temporary food or energy shortages, for example, were built into wages. Instead of remaining stable, the inflation rate tended to accelerate uncontrollably. The price index in Brazil has become almost like a clicking meter in a speeding taxicab, and the value of the cruzeiro against the dollar falls by 2% or 3% every week. Late last week it took 568 cruzeiros to buy a dollar.

While indexation fans Brazilian inflation, one root cause of rising prices is excessive government spending. State-owned companies, which are involved in everything from energy to real estate and generate roughly two-thirds of Brazil's economic output, have become bloated and inefficient. In the past decade their expenditures have more than doubled, even after adjustment for inflation. Under pressure from the IMF, Brazil has agreed to cut the budgets of state-owned companies by 3% and to slash their capital spending by 20%.

Brazil has a long way to go before recovering its economic health. Buffeted by the global recession, the country has been suffering for two years. Since 1980, the per capita gross national product has declined by 4.4%. In the first quarter of this year, retail sales dropped by 13.3% in Rio de Janeiro and 10.3% in São Paulo. Factories that produce construction equipment and other capital goods are operating at only 20% of capacity, and 8.5% of the country's workers have been laid off. Of the entire working-age population, 40% is either unemployed or working part-time at marginal, unskilled jobs like selling fruit on the streets.

The downturn has stoked social unrest in a country already notorious for its extremes of wealth and poverty. Half the population receives only 12.6% of the national income. By contrast, the richest 10% get 51% of the income. Most laid-off workers are receiving no more than one month's severance pay, and the government provides no unemployment benefits. In April, thousands of laid-off metalworkers shouting, *"Queremos empregado!"* (We want employment), stormed through the streets of São Paulo, looting shops and supermarkets.

In Rio de Janeiro, where luxurious, marble-walled apartment houses with rooftop gardens overlooking Ipanema and Copacabana beaches are flanked by squalid hillside shantytowns, crime is on the rise. Armed robbers often overpower apartment doormen at night and wait to ambush residents returning from evening parties. Bandits jump on buses and force passengers to hand over wedding rings and to empty their wallets and even shoes, where some people hide large bills. The rich are becoming fearful and cautious. At an exclusive dinner in São Paulo given for Antonio Gebauer, a senior vice president with New York's Morgan Guaranty Trust Co., one of Brazil's major creditors, 21 security guards were spotted among the guests, in corridors outside the room and on the roof of the building.

Ailing President João Figueiredo

The hard times came as a shocking setback to a country that only a few years ago was one of the most dynamic developing nations. After the Brazilian army seized power in 1964, the generals signed up European- and U.S.-trained technocrats. Borrowing billions from abroad, the government made huge investments in roads, dams, rural electrification and heavy industries such as steel and petrochemicals. For a while, the strategy worked spectacularly. Between 1968 and 1980, economic growth averaged 9% annually.

But the economy gradually got out of control. Government spending became too lavish. Subway systems under construction in Rio de Janeiro and São Paulo, which have absorbed $2.1 billion so far, are the most expensive per mile in the world. Runaway deficits led to more and more foreign borrowing and fueled relentless inflation, which already averaged 20% a year in the early 1970s. When the global energy crisis hit in 1973, Brazil was overextended and vulnerable. Over the next six years, the country had to pay $35 billion, all of it borrowed, for oil imports.

Planning Minister Antônio Delfim Netto

"The crisis continues and so does Delfim."

Brazil is still a country rich in resources. Since the mid-1970s, huge new deposits of iron, manganese, nickel, copper, bauxite and gold have been discovered deep in the Amazon basin. To exploit this mineral wealth, the Brazilians have launched a mammoth development scheme, called the Carajas Project, that includes dozens of mines, a 550-mile railroad and a giant dam on an arm of the Amazon, all to be completed by 1990. The cost will be staggering: $61 billion. But the eventual income from the project, estimated at $14.6 billion annually, may be worth the initial expense.

Only 121 million acres, or about 10% of Brazil's arable land, is used to grow crops. Over the next three years, the Brazilians hope to plant 2.5 million more acres with wheat, sugar cane, soybeans, rice, vegetables and fruit. Tens of thousands of poor farmers are moving into the fertile but undeveloped *cerrados* savannah region in the central plateau. In one area, the government is giving away 1,250 acres to each of 150 homesteaders.

Fully developing Brazil's natural resources will take more time and money, two things in short supply as long as international creditors are besieging the country. Even if the IMF comes through with more loans, they will be only a stopgap. Brazilian officials are convinced that the only salvation is a fundamental restructuring of their debt. The average maturity of most loans was eight years, and 22% of the debt was due this year. The bulk of this load must be replaced, the experts argue, with long-term credit stretching over 15 to 20 years at reduced interest rates.

The main problem with a stretch-out of Brazilian loans is that it would be followed by pleas from other debt-laden countries, including Mexico, Poland, Argentina, Chile and Nigeria, for similar concessions. Brazil's difficulties are only part of a much larger global pattern, and the major creditor and debtor nations have yet to come up with a coherent long-range plan to ease the debt burden that is crippling the world economy. So far, temporary IMF bailouts on a case-by-case basis have only kept the international financial system lurching from crisis to crisis.

The industrial nations are asking the developing countries to slow growth in order to control their economies so that they can pay back part of their huge debts. But the Brazilians are increasingly unwilling to accept those conditions. Says João Camilo Pena, Minister of Industry and Commerce: "If the IMF gives the same medicine to all debtor nations, they will all perish from the cure." As last week's strikes and protests dramatically demonstrate, solutions to the debt dilemma that require stern sacrifices could be a formula for political chaos. —***By Charles P. Alexander. Reported by Charles Thurston/São Paulo and Frederick Ungeheuer/Brasília***

Buying in Bulk

Back to the cracker barrel

Plain generic packaging started sweeping through U.S. food chains five years ago. The result was lower prices for many standard items, ranging from bathroom tissue to light bulbs. Now some supermarkets are going generics one better: no packaging at all. They are offering foodstuffs in bulk; buyers pour from vats or scoop out from bins the amounts they want.

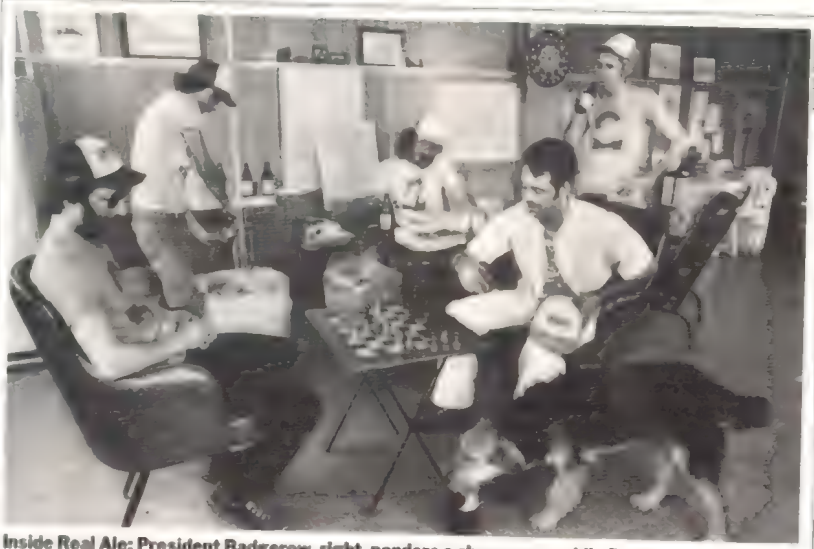
At supermarkets in the Midwest and Southern California, as many as 250 items can be bought in bulk, including flour, sugar, mixes for cakes and breads, pie fillings, dried beans, rice, pasta and spices. Containers for the products are very different from the cracker barrels that were found in general stores at the turn of the century. Many of the new ones have sanitized liners and clear plastic tops.

Products bought from the supermarket bins are much cheaper. Bulk buttermilk pancake mix in some stores costs 47¢ per lb., *vs.* 89¢ for national brand-name packages; and spaghetti is 47¢, *vs.* 73¢. The biggest savings are in spices. Oregano that costs 65¢ per oz. when packaged, or $1.79 for a small container, is only 35¢ per oz. when bought in bulk.

Loblaws, a Canadian supermarket chain, apparently first came up with the idea and introduced modern bulk buying last August. Safeway, based in Oakland, Calif., then picked up the barrels and brought them to Los Angeles in February. By the end of this year, some 60 of 180 Safeway stores in Southern California will offer foods in bulk. Ralphs, a Los Angeles food retailer, sells 150 items in ten stores. Pick-n-Pay, a division of First National Supermarkets, headquartered near Cleveland, began last December with one store that sold bulk products. Now there are 19. Says First National Spokesman Terry Kushner: "Everyone is price-conscious. It's an extraordinary way to save money." ■

Bins at a Safeway store in Los Angeles

"An extraordinary way to save money."



Inside Real Ale: President Badgerow, right, ponders a chess move while Porter laps up a beer

Small Is Tasty

Microbreweries make a splash

"I just crank up the stereo, stoke up the boiler and brew some ale."

That may seem like an unusual business credo, but it has apparently worked for Ted Badgerow, 32, the president and co-founder of Real Ale, a tiny brewery that opened last September near Ann Arbor, Mich. He plans to produce about 600 bbl. this year. Badgerow, a former cook, is one of a growing number of proprietors of so-called microbreweries, which specialize in richer and more flavorful suds than the typical American beer. Such breweries have been winning intense local followings wherever they appear. "The micros are a response to the demand for more elegant beer that sprang up in the 1970s," says Lowell Edmunds, a Boston College classics professor and student of the beer market.

The number of beermakers has shrunk from some 1,500 before the beginning of Prohibition in 1920 to only 42 today, including the microbrewers. Just six breweries now have 90% of the beer market. But while Anheuser-Busch (1982 sales: $4.6 billion) turned out 59 million bbl. in 1982, none of the nine micros produces as much as 10,000 bbl. a year.

Many of the microbreweries are outgrowths of home brewing and retain their amateur trappings. Real Ale produces its ale, porter and stout in a used 30-gal. soup kettle on the second floor of a former stove factory. The premises are shared by five workers and a seven-month-old, beer-guzzling Airedale named Porter. Thousand Oaks Brewing (1982 sales: $23,460) operates from the basement of the Berkeley, Calif., home of Charles and Diana Rixford. In Boulder, Colo., David Hummer, a University of Colorado astrogeophysicist, co-founded Boulder Brewing (1982 sales: $96,000) with two partners in what used to be the goat house of a farm.

The beverages that the micros produce are more akin to imported German or English brews than to Budweiser, Miller or other light, pale lager beers. The alcoholic content can range as high as 7%, compared with less than 5% for most major domestic brands. "Our beer is richer, heavier, hoppier," says William Newman, 36, the founder of Wm. S. Newman Brewing (1982 sales: $103,000) in Albany. "There's simply a market out there for more distinctive beer." Some beer drinkers agree. Says Terry Czech, a roofer who lives in Schenectady, N.Y.: "I've gone several miles for a glass of Newman's."

The appeal of the beers, however, is diminished a bit by the price. The little brewers use expensive ingredients and lack the volume to achieve efficient operations. Boulder Brewing beer sells for about $5 a six-pack, for example, compared with about $3 for a premium domestic brand like Michelob. Despite such prices, the micros have had to struggle to break even in the face of heavy start-up costs. It can take an estimated $350,000 to open a microbrewery. "We're finally holding our head above water," says Newman, a former high school teacher and newspaper reporter who began making beer in 1981.

The toll among microbrewers has been high. Four went out of business in the past 18 months. Nevertheless, some eight new microbreweries are scheduled to start operating this year and next. Among them will be Mendocino Brewing, which is to open next month in the town of Hopland (pop. 817), in the heart of the California wine country. The firm will also have a beer garden and restaurant. A brewery next to a winery is the California version of the butcher living next to the baker. ■

*$8,390

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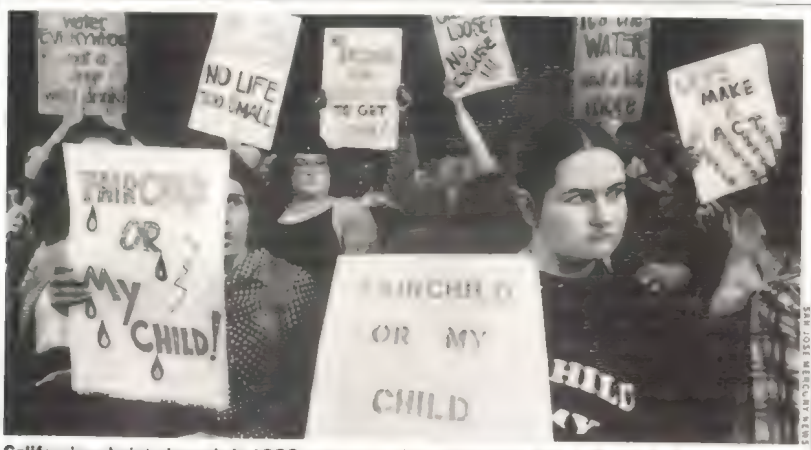


Californians hoist placards in 1982 protest against chipmaker that polluted their water

Sounding the Tocsin for Toxins

Chemical pollution tarnishes an industry's clean image

High-technology entrepreneurs like to boast that their business is nonpolluting and environmentally sound. But every industry carries environmental risks, and electronics is no exception. The manufacture of computer chips, for example, requires acid baths (to etch microscopic circuits onto tiny ceramic wafers) and vats of industrial cleaning fluids (to wash away extraneous specks). And where there are powerful chemicals, waste-storage difficulties are not far behind.

Pointing up this problem, a recent California survey showed that 36 of 49 underground storage tanks in the high-tech Silicon Valley were leaking. The seepage contaminated surrounding soil and fouled pockets of ground water beneath such communities as Santa Clara, Mountain View, Sunnyvale and San Jose. The California assembly, following the lead of eight cities in Santa Clara County that have passed ordinances to prevent such spills, has approved a tough toxic-control law. As the measure moves on to the state senate, the mellow industrialists of Silicon Valley, to their acute discomfort, find themselves accused of poisoning their own hot tubs.

"This was once a nice, typical California town," says Lorraine Ross of San Jose, one of 266 plaintiffs in a multimillion-dollar suit against the local plant of the Fairchild Camera & Instrument Corp. She and her neighbors are charging Fairchild with negligent contamination of a public well serving 700 residents. They are also holding the company responsible for seven deaths in the past three years, as well as a number of miscarriages and birth defects. "People here were health conscious," says Ross, who blames the congenital heart ailment of her two-year-old daughter Juliana on toxins from the tainted well. "There were so many medical problems on our street we joked that maybe we were living on a toxic dump."

The area's problems first surfaced four years ago, when noxious gases from burning chemicals at a series of industrial fires felled both fire fighters and bystanders. There were also reports of workers who suffered adverse reactions to chemicals at microchip firms. One 19-year-old, hired to work around storage tanks at a semiconductor company, began vomiting uncontrollably after less than a week at the job.

The issue came to a head early last year, when Fairchild and Intel Corp., another local chipmaker, reported two major leaks in as many months. At the Fairchild plant in San Jose, workers discovered that a faulty storage tank had discharged some 13,000 gal. of a mildly carcinogenic solvent called TCA into the underground water supply. A few weeks later, Intel announced that a concrete vault had leaked, and that traces of a strong carcinogen, TCE, had turned up in a farmer's well near by. Fairchild has spent $10 million cleaning up its spill, and the company steadfastly maintains that no link between its leak and any specific maladies has been established.

The problem may not be California's alone. Last February a Motorola plant in Phoenix reported a "significant" TCA spill, and Massachusetts authorities are investigating a site near Route 128 for possible high-tech contamination. Meanwhile, the West Coast chipmakers are busy installing double-walled containers and automatic warning systems that can add $20,000 to the cost of a $40,000 tank. "You bet we're out to protect our image," says an Intel spokesman. "But we're also doing this because we should be." ■

Screen Test

Discounting VDT hazards

Since it was introduced into the American workplace in the 1960s, the video display terminal (VDT) has become an indispensable tool for 10 million clerical workers, typesetters, writers, editors and computer programmers. But as the number of people who regularly use VDTs has increased, so have complaints that long-term exposure to the machines can cause a variety of afflictions, including muscle fatigue, eyestrain, cataracts and miscarriages. Two years ago, a panel of vision experts and psychologists assembled by the National Research Council began a scientific investigation of the effects of VDTs on eyesight.

Last week, in a 273-page report, the twelve-member study group concluded that there is no scientific evidence linking VDTs with eye disease or cataracts. Moreover, the report placed the blame for many ailments associated with VDTs on such environmental factors as poor lighting and stressful office conditions. Summed up Panel Chairman Edward Rinalducci, a professor of psychology at the Georgia Institute of Technology: "Our general conclusion is that eye discomfort, blurred vision and other visual disturbances, muscular aches and stress reported among VDT workers are probably not due to anything inherent in VDT technology."

The panel did not address isolated reports of clusters of abortions, miscarriages and birth defects among women exposed to VDTs, but noted that other research judged VDTs to be an unlikely cause. Because of its findings, the panel opposed any move to set mandatory standards for VDTs and concluded, "It seems likely that with proper design of VDT display characteristics, workplace lighting, work stations and jobs, VDT work need not cause any unique visual problems."

The report's conclusions met with some dissent. Panelist Lawrence Stark, a neurologist at the University of California, while agreeing that VDTs do not cause permanent eye damage, contested the view that they are not responsible for eye fatigue. "The report is a whitewash for the status quo," said Stark. "All the complaints of burning, eyestrain, headache, stinging, watery eyes connected with VDT use are valid claims. Just because you cannot measure visual fatigue does not mean it does not exist."

VDT manufacturers have replied that they are indeed concerned about visual fatigue and have made suggestions on how to modify environmental conditions like glare. Until employers agree to institute those changes, however, some VDT users may just have to squint and bear it. ■

Cinderella Puts On a Show

Witty and stylish, Faerie Tale Theatre *scores on cable TV*

Once upon a time in a glittery kingdom called Tinseltown, a fey and clever actress dreamed of producing her very own fairy tales. She would get all of her famous friends to appear and pay them beans, though not magical ones. But the mighty wizards and warlocks of Tinseltown scoffed. "Ha!" they cackled. "She'll be eaten alive!"

Producer Duvall

Well, with a bit of sorcery and even more business acumen, Shelley Duvall, 34, has turned her fantasy into video reality. She is executive producer and guiding spirit of *Faerie Tale Theatre*, a series of hour-long classics featuring marquee names, which has become a popular and critical success on Showtime, the nation's second-largest pay-television service. Showtime, with 4 million-plus subscribers, is currently airing the sixth of her fanciful tales, *The Sleeping Beauty*, and plans to show three more by the end of the year. So far, Duvall has enticed Joan Collins, Elliott Gould, Maureen Stapleton and Mick Jagger into such unlikely vehicles as *Hansel and Gretel* and *Jack and the Beanstalk*.

In *Sleeping Beauty*, Christopher (*Superman*) Reeve is a goody-goody prince, a sort of prissy Cary Grant in a mail doublet. Bernadette Peters casts her spell as the princess who responds a mite too ardently to his wake-up kiss. The two also play their evil doppelgängers, giving a psychological twist to the old notion that fairy-tale characters are either all good or all bad. In this case, they are both. A gruff woodsman (George Dzundza) narrates the tale with the accent of a Borscht Belt comedian. "I gotta great princess for you," he tells the prince. "A dowry you wouldn't believe." Jeremy Kagan's fluid, floaty direction pays visual homage to the sensuous style of Book Illustrator Kay Nielsen. Like all of Duvall's slightly fractured tales, *Sleeping Beauty* gives a slightly campy twist to a classic without demeaning it

Duvall's own career has been a Cinderella story of sorts. At the age of 20, she was plucked out of Houston by Director Robert Altman, who was on location for the movie *Brewster McCloud*. Duvall, all lollipop eyes and stringbean legs, was recognized by Altman as a strong, but flighty American original whom he could fashion to his needs. He cast her in a variety of roles in seven of his films, including *Three Women*, *Nashville* and *McCabe and Mrs. Miller*.

Yet long before Altman woke her from her pre-Hollywood slumber, Duvall had been collecting antique illustrated fairy-tale books. She was charmed by the stories, but bewitched by the pictures: dreamy Maxfield Parrish landscapes, bold N.C. Wyeth seascapes, puckish Arthur Rackham characters. While in Malta in 1980, playing Olive Oyl opposite Robin Williams in Altman's film *Popeye*, a vision of the rubbery Williams as a vain and manic frog prince leaped into her head, and the notion of *Faerie Tale Theatre* was born. Each tale would have different players and be colored by the visual style of one of her favorite illustrators.

She tried out the idea first with Walt Disney Productions, which would not agree to give her the artistic control she wanted. She skipped the networks, knowing she would have to hack her way through brambles of bureaucracy, and decided to go to pay cable. Showtime agreed to let her reign over the project and put up half of the money. The other half is footed by Gaylord Productions, a Los Angeles firm that will handle syndication and video-cassette rights.

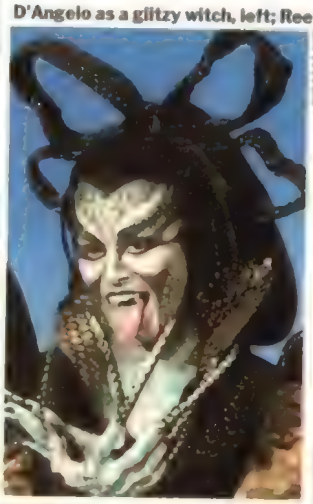
The average cost for each tale is a spare $400,000. To keep expenses down, Duvall pays everyone at or near scale. For actors, that has meant between $2,000 and $7,000 a week. Says Production Designer Mike Erler: "We have a champagne appetite and a beer budget."

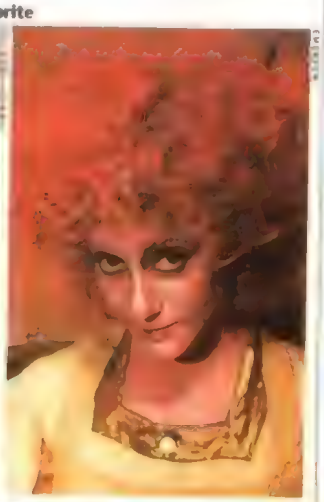
Duvall's choice of actors is an alchemy of pragmatism and intuition. "Producing," she says, "is just chemistry plus some financing." Her form of creative control is to give everyone virtual free rein. An upcoming production of *The Beauty and the Beast*, for example, has been filmed by Director Roger Vadim in the surrealistic style of Jean Cocteau. Duvall encourages the actors to take chances, even allowing Carol Kane to portray a good fairy as an insecure and pixieish Valley Girl

The actors revel in this atmosphere. Says Beverly D'Angelo, who plays a shrieking witch in *Sleeping Beauty*: "Every actor is a child, and what Shelley has basically done is build a playpen where we can go in and use words and just play." For Reeve, the experience was liberating: "You get back the sense of fun in acting, the feeling you had doing a school play like *The Skin of Our Teeth*, when you stayed afterward painting scenery."

Like most fairy tales, this one will have a blithe ending. Duvall plans to expand the series to a total of at least 26 shows. Then they will live on happily ever after in syndication. —*By Richard Stengel. Reported by Denise Worrell/Los Angeles*

D'Angelo as a glitzy witch, left; Reeve wakes drowsy beauty Peters, center; and Kane as an otherworldly sprite





People

Ridge, inset, and in river, rounding the tip of Manhattan

Most folks in their right mind wouldn't dream of taking a dip in New York City's fermenting East River, unless they were first shoehorned into a pair of cement loafers by a tall guy named Vito. But in a fearless act of her own volition, **Julie Ridge,** 26, did the unthinkable last week and plunged into the river's murky depths. Some 21 hours and 56 miles later, she was plucked out of the water, the first person ever to swim around Manhattan Island twice. An out-of-work Broadway actress who appeared in *Oh! Calcutta!* a year ago, Ridge staged the double circumnavigation to boost her career. Nothing turned up immediately. On the other hand, not much unexpected turned up during the swim either. "I came across some things I wouldn't bottle and send to my mother," says Ridge, "but no dead rats or bodies."

■

It is an intriguing combination of talents. To film **Frank Herbert's** 1965 science fiction bestseller *Dune*, Producer **Dino De Laurentiis,** 63, has attracted the likes of Director **David Lynch** (*The Elephant Man*), Special Effects Wizard **John Dykstra** (*Star Wars*) and a cast that includes **Sting,** 31, the leader and vocalist of rock's hottest group, the **Police.** In the established tradition of such rockers turned actors as **Mick Jagger** and **Deborah Harry,** Sting brings to *Dune* his own past credits, from *Quadrophenia* and *Brimstone and Treacle*. Not to mention an ability to whip himself up into a manic frenzy. He learned that skill for the electric stage acts that have caused the concerts on the Police's upcoming U.S. tour to be sold out just hours after they were announced.

Sting: a Police man in *Dune*

■

This woman isn't just a model, she's an industry. On television and in print, the cheery vision of **Christie Brinkley,** 28, sells everything from cosmetics to health spas. In the past six months alone, she has appeared on 20 magazine covers. The Christie Brinkley calendar is about the only serious competition for Garfield the Cat, and *Christie Brinkley's Outdoor Beauty and Fitness Book* is poised to shimmy up the bestseller list. So lest a bit of open wall in a teenager's bedroom not be filled with her image, here comes a new $3 poster, her first authorized pinup, with the subject in a Norma Kamali bathing suit that not just anyone could or would wear. Next Brinkley must turn to promoting her movie, *National Lampoon's Vacation*, due out later this summer. "Life," as Christie has said, "is the search for a decent night's sleep."

Brinkley: a mini-industry

■

Imagine a tiny, alien creature landing in St. Louis on a hot summer's evening. His mission: to find out what all this imperial talk of crowning a Miss Universe is about. Making his way to the wings of the stage, he turns and sees Pageant Host **Bob Barker,** 59 (*Truth or Consequences* and *The Price Is Right* are not in syndication on his planet yet, but the visitor feels Bob looks shorter in person than on the TV monitor.) He also gets a new twist on "singing," when Guest Star **John Schneider** (*The Dukes of Hazzard*) belts out "It's not where you start. It's where you finish." Finally, Miss New Zealand, **Lorraine Elizabeth Downes,** 19, is proclaimed Miss Universe. The alien reads the data sheet Downes filled out before the competition. "Occupation: model. Hobbies: dance, regular workouts at gym, swimming, tennis, jogging. Life ambition: to strive for a good quality of life, and to be appreciative of what I accomplish in my life." He attends a press conference in the bedroom of a hotel suite the next morning. In her pink nightie and with her eggs Benedict cooling in front of her, Miss Universe describes her plans for the future (assisted by the estimated $150,000 in cash and prizes): "I want to travel throughout the world and spread peace among different countries." Phoning home, the little guy reports that the universe's new queen should get his planet's support after all and that a planned invasion might better be put off until another day.

—By E. Graydon Carter

Downes toasting her new realm

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Letting It All Hang Out Is Out

Ralph and Wanda swap views on the dangers of letting off steam

Wanda: How do you feel about all these new books on anger?

Ralph: They make me mad, dearest.

Wanda: Then you must read *Make Anger Your Ally*. That's the name of Neil Clark Warren's book. Warren's a psychologist who says the old theory that outbursts of anger let off steam and clear the air is no longer valid. He says the more you explode, the more likely you are to explode the next time because outbursts are a choice and a habit. Carol Tavris—she's a social psychologist—says the same thing in her book *Anger: The Misunderstood Emotion*. She thinks the idea that suppressed anger turns inward and gives you ulcers or a heart problem is all balderdash. Expressing anger is far more destructive, she says, even if you are just wailing to your shrink. She cites a study where workers in San Diego who were encouraged to ventilate their anger actually became angrier at their supervisors.

Ralph: These are certainly parlous days for ventilationists, my pet. Family Counselor David Mace in *Love and Anger in Marriage* is against it too, and so is Psychiatrist Leo Madow in his book *Anger*. It's hard to find anyone saying a good word for mouthing off.

Wanda: Ralph, I realize you are psychologically attuned to short-fused people, but these writers are just trying to reduce the general noise level in society. What's wrong with that?

Ralph: All reductions in social strife have my hearty support, light of my life, but I do detect a telltale whiff of ideology. Tavris' notion that suppressed anger can't wreck your body is stupefying. All the doctors and psychologists who believe it could conveniently convene in a Toyota. I'm afraid what we are dealing with here is a changing fashion in pop psychology.

Wanda: Ralph, are you stoking up for one of your sweeping cocktail-party analyses of modern American social history?

Ralph: You bet, my sweet. Return with me now to those golden days of yesteryear, the 1960s, decade of the unbuttoned id. People flocked to T-groups, consciousness-raising groups and assertiveness classes to develop churlish behavior. Primal screamers knew the value of getting the anger out. Psychologist George Bach became famous for 15 minutes with his book *The Intimate Enemy* urging husbands and wives to fight it out. Psychiatrist Theodore Rubin wrote *The Angry Book* celebrating the "natural free feel and flow of anger." Anger was all the rage, and the pop-psychers fell in line and blessed it.

Wanda: I love it when the veins in your neck glow like that, Ralph.

Ralph: As Carol Tavris and Archie Bunker might say, "Stifle," Wanda. Try not to interrupt in mid-tirade. What we have here, my sweet, is a historic struggle between two cherished California-based ideas: "Let it all hang out" *vs.* "Be laid back and let it all wash over you." The laid-backs have been in charge since about 1974, when the economy turned sour. Letting it all hang out is a function of affluence. Nowadays you don't see college students organizing tantrums and issuing nonnegotiable demands while trashing the dean's office. They are all buttoned up because there are so few jobs waiting for them out there. Now we have to make do with John McEnroe, Billy Martin and a few other designated ogres who act out for us. The rest of us have to shut up and trudge out to buy new-wave anger books.

DRAWING BY WM. HAMILTON © 1979 THE NEW YORKER MAGAZINE, INC.

"No, I don't want to work on my anger with you. I want to pop you one."

Wanda: These are certainly deep waters, Ralph. While we await the economic upturn that will return the nation to choleric splendor, do you suppose we could take a tiny peek at what these books actually say?

Ralph: I await your spirited but feeble rebuttal, Wanda. I don't have to talk all the time.

Wanda: A revelation in itself, Ralph. Listen: Tavris and Warren are specifically rebutting the pop-biologism that came from Robert Ardrey and others in the '60s. You don't have to go around shrieking at your neighbors because you are a naked ape or an evolutionary killer. The psychical symptoms of anger are biologically based, but it's you who has to *decide* to produce angry expression. There's no Freudian death instinct or aggressive instinct either. There's only social learning. A high percentage of the American soldiers who fragged their officers in Viet Nam were repeatedly beaten as children. Guess where they learned how to frag?

Ralph: Prepare yourself for stunned disbelief, Wanda. I agree with you—up to a point, of course. My problem with these books is that they teach an overpsychologized nation even more navel-watching. Before you react to an aggressor, you're supposed to sit yourself down for a four-point or ten-point quiz about the sources of your anger, what you have to gain and why on earth you should choose anger. If Moses had been trained as a pop psychologist, he could have deftly pointed out to God that smiting the Egyptians with locusts is an example of pointless displacement and raises serious questions about why God doesn't feel more serious about himself. And the money-changers in the temple could have easily run rings around Jesus by rounding up a few Pharisees for a searching symposium on the true sources of his aggressive interaction.

Wanda: You're beautiful in your anger, Ralph, and I love your examples. They are always so typical of day-to-day life. Just tell me: Do you want more anger in the culture or less?

Ralph: Right now, more. What good are all my piercing arguments if I can't convince my own wife?

Wanda: As far as I know, I am not your wholly owned subsidiary, Ralph. Try to calm yourself.

Ralph: I am calm!

Wanda: Anyone can see that, Ralph. Try to explore the sources of your current calm. Can it be birth trauma, the decline of the patriarchy, or the fact that I disagree with you? Perhaps loudness would render your arguments more cogent.

Ralph: What do I do now?

Wanda: Count to ten, all the books recommend that. Hold my hand if you are going to say something angry. David Mace says that always works. And make a date to discuss the reasons for your anger some time tomorrow.

Ralph: How about 10 o'clock?

Wanda: I'll get back to you, my love.

—*By John Leo*

Design

Glassware, 1951, shaped, colored and marketed for yesterday's modern Americans

Reflections on the Wright Look

American Modern: aesthetics at the dinner table

Young marrieds of the 1940s could not go wrong with Russel Wright, then easily the country's best-known designer. His furniture and tableware were smart, modern, practical and informal. Best of all, they were cheap. In 1940, a 20-piece "starter set" of Wright's American Modern pottery dinner dishes cost about $6. The announcement that year of a new shipment at Gimbels' New York store caused block-long lines and a near riot. The design had never been as popular in America.

Wright's designs went out of fashion long before he died in 1976. The exhibition "Russel Wright: American Designer" (currently at the Hudson River Museum in Yonkers, N.Y., and opening at the Smithsonian's Renwick Gallery in Washington, D.C., in November) should revive fond memories and be an exciting discovery for those who never heard of the man.

With few exceptions, Wright's pieces still look good—not elegant or sophisticated like a Barcelona chair, but pleasing and "user friendly." They remain contemporary, a word often used in Wright's heyday partly to overcome the prevailing resistance to "modern" and partly because, like Danish furniture, Russel Wright designs were different in spirit from the work introduced by New York City's Museum of Modern Art.

Modern, by that definition, came out of Europe's revolt against Victorian eclecticism and ornamentation. It was a polemical style that was widely perceived in America as strident and upsetting. Contemporary implied that new functions and technologies required new forms, but that there was no need to get bizarre or belligerent about them. Exhibit Organizer William J. Hennessey points out in his excellent catalogue (published by the Gallery Association of New York State, which is sponsoring the show) that Wright's aim was to avoid both "forced adherence to past periods" and "the abrupt introduction of unprecedented ideas." He wanted to overcome what he saw as America's cultural inferiority complex by demonstrating that U.S. designers could combine comfort, efficiency and aesthetic pleasure.

Dinnerware and night table from the 1930s

The creator of this populist style was born in 1904 in Lebanon, Ohio. He was a set designer and stage manager before he took his theatrical flair into industrial design. One of Wright's earliest and handsomest pieces, designed in the mid-'30s, was a "corn set" made of chromium-plated brass and consisting of a 5¼-in.-high melted-butter pitcher and salt and pepper shakers on a tray. His first popular hit was an assortment of spun aluminum accessories: vases, teapots, spaghetti sets and "sandwich humidors," all buffed to a pewter sheen. In a burst of breathless feature stories on informal entertaining and other trends, Wright was hailed as an innovator. He was catapulted to the top of the new profession of industrial design along with Norman Bel Geddes, Walter Dorwin Teague, Donald Deskey, Raymond Loewy and Henry Dreyfuss.

Industrial design in America was born during the Depression to keep up with European trends and to boost product sales with "styling," "consumer engineering" and "planned obsolescence." But Wright remained an artist and craftsman. Says Hennessey: "His personal identification was not with the cool professionals of the New York corporate world, but with the painters, sculptors and theater people he had met in Woodstock." The promotional talents of the artist's wife, Mary Small Einstein, helped project the Wright look. She organized press conferences, planned distribution and even traveled extensively to popularize her husband's name. Wright was in fact the first designer to use his name as a sort of trademark etched on his wares.

Wright launched his first furniture line in 1934. Boxy and heavily upholstered, the pieces were displayed at Bloomingdale's with Wright-designed carpets, curtains, lamps and fabrics. Some of these accessories, notably the copper *torchère* lamp (which projects light onto the ceiling), are still distinguished pieces. The sectional couch was Wright's idea. A later furniture line, in natural or subtly stained maple, was sold as a package labeled Modern Living. There was also an Easier Living campaign, including a book that gave such dubious advice as "Cut down on dishwashing with one-dish meals," and "Use only throwaway paper plates for most meals." Easier Living was emphasized with a lounge chair whose one

arm folded up to provide a broad writing surface, while the other arm opened into a magazine rack. The headboard of a bed concealed a storage compartment that tilted to support a reader's head.

But the quintessential Russel Wright is his dinnerware set molded of thick ceramic. The forms are sensuous and heavily glazed with muted, mottled colors—"Seafoam Blue, Granite Gray, Chartreuse Curry, Bean Brown." Wright's dishes give a carnival flavor to the simplest meal and stack well to boot. But there were problems. The pottery clay broke easily, and crevices and overhanging lips made the dishes difficult to wash.

Wright

Some critics were enraged. Manny Farber of the *New Republic* saw in American Modern "a quality of steeliness . . . a nudity . . . a hammer-like statement . . . and chi-chi color." Emily Post refused to acknowledge even the idea of informal service. Nevertheless, with more than 80 million pieces sold between 1939 and 1959, the style became the most popular mass-produced china pattern ever sold.

Wright soon expanded the line with glasses, flatware and linen to match the dinnerware. The fragility of the earlier line was corrected in a new pattern of vitreous china, originally produced for restaurants and guaranteed against chipping and breakage in normal use. But while these new dishes were surely more functional, they were also less distinctive in form. By 1951 Wright even applied a floral pattern to his dishes—an irony if not an outright betrayal of his early principles.

After launching American Modern, Wright overreached himself by promoting household goods and furnishings under the label American Way. Not all of the items were of his design. Acres of reportage could not cover the fact that in the end, American Way was never more than an elaborate sales scheme. In time, as Hennessey notes, "Wright somehow lost touch with the public mood. With the war safely behind them, American consumers preferred furnishings that expressed conventional prosperity, conformity and tradition. The modern designs that did manage to succeed in this climate possessed qualities of aesthetic compromise that Wright now seemed unable to provide."

After the death of his wife in 1952, Wright gradually retreated to his estate overlooking the Hudson River near Garrison, N.Y. He turned the house into a demonstration of his ideas of domestic efficiency. But he never resolved the conflicting demands of standardization and individual expression, American tradition and international innovation, financial gain and artistic integrity. Wright's major achievement was that he made Americans aware of the need for beauty in daily life. —*By Wolf Von Eckardt*

Theater

Spider King

RICHARD III
by William Shakespeare

Richard III is called a "hellhound," an "elvish-mark'd, abortive, rooting hog," "a bottled spider" and a "poisonous bunch-back'd toad."

A playgoer attending the Delacorte Theater in Central Park for Joseph Papp's first summer offering will soon perceive that Kevin Kline does not fit that description. It is not a question of some malformation of body à la Elephant Man, it is a question of a cancerously aberrant soul. Richard III lies somewhere between Iago, with his "motiveless malignity," and Macbeth, who has "supp'd full of horrors" in his naked, unbridled lust for power.

The special quality of Richard is not his glacial cruelty or that he has some half a dozen people butchered to achieve the crown but that his mere presence instills fear in all, generates a nervous electric tension with every crooked step. Even his broad streak of sardonic humor (said to be shared by Stalin) is chilling.

Kline's conception of the role is that of an oldtime silent-movie villain who relishes his villainy and wants everyone else to relish it. Thus his performance takes the form of a prolonged aside to the audience, missing only the knowing wink. What Kline lacks in gravity, he makes up in charm. His rash, stunning proposal to share the bed of Lady Anne (Madeleine Potter), made over the coffin of her father-in-law, whom Richard has slain after murdering her husband, meets with implausible success partly because Kline makes seduction irresistible.

Kevin Kline crowned as King Richard III
Glacial cruelty and seductive charm.

In an uneven cast, Marian Seldes is formidable as the bereft Queen Margaret. She utters her prophecies and anathemas as if the blood of Cassandra were coursing through her veins. The rest of the production could use a splash of it. —*By T.E. Kalem*

Gutsy Proles

THE CRADLE WILL ROCK
by Marc Blitzstein

Standing behind a lectern, John Houseman delivers the prologue, and on a June night in 1937, he lived it. It is the saga of a show that very nearly did not go on.

Houseman and Orson Welles were the co-producers of Marc Blitzstein's "labor opera" initially scheduled as an entry of the WPA's Federal Theater Project. In one of those periodic bouts of political jitters, the Maxine Elliott Theater was closed to *Cradle* the day before the opening. Ironically, since the show is vociferously pro-union, the musicians' and actors' unions forbade them to play or go onstage.

At the penultimate minute, another empty theater was found. Cast, friends and well-wishers trekked 21 blocks accompanied by an upright piano in a truck. Blitzstein and the piano took the sceneryless stage, and as the composer played the score, the actors, scattered through the house, stood up and delivered their lines. The event took the audience and the next day's front pages by storm.

Today Blitzstein's work can be seen as period agitprop, analogous to Clifford Odets' *Waiting for Lefty*. It is colored with the lyric causticity of the Brecht-Weill collaborations. Yet it is always a mistake to deride the potency of stereotypes in the theater or the power of good-*vs.*-evil allegories, however simple-minded. Here the premise is that Mr. Mister (David Schramm), the boss of Steeltown, U.S.A., is a cigar-chomping tyrant, and his gutsy prole of a foe, Larry Foreman (Randle Mell), is a knight in blue-collar armor. We meet Mister's toadies: mousy Reverend Salvation, sycophantic College President Prexy and craven Editor Daily. As a whore with a heart of tarnished nickel, Lisa Banes is achingly vulnerable, and Michele-Denise Woods keens a militant lament for her injured brother in *Joe Worker Gets Gypped*.

Thanks to Houseman's pitch-perfect direction and his cast's vibrancy, the evening at off-Broadway's Douglas Fairbanks Theater possesses a blazing vitality. Even bad old Depression days seem like the good old days. —*T.E.K.*

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Books

Telling the Birth of a Nation

FRANCE AND ENGLAND IN NORTH AMERICA
by Francis Parkman; Library of America; 2 volumes; 3,124 pages; $60

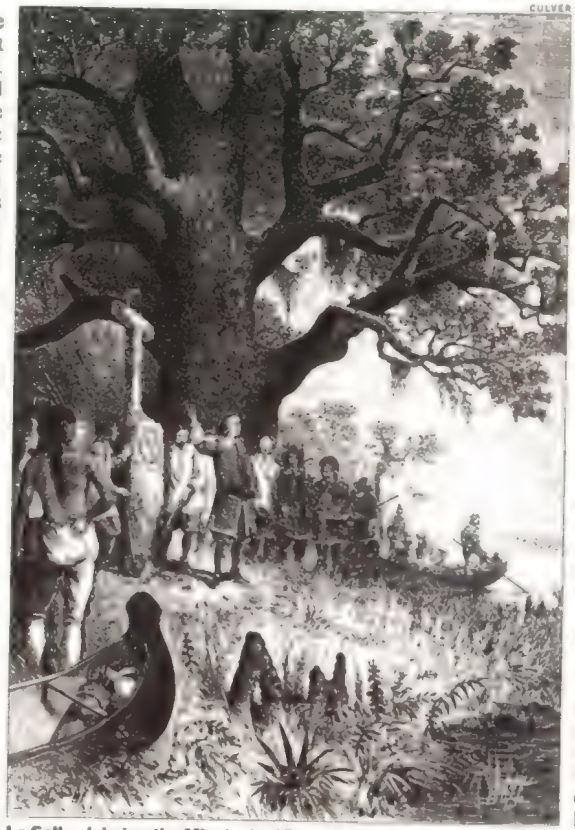
Contemporary historians like to pretend that they are not the people who make history. Self-conscious about their central role in carving out a portrait of the past, they lapse into academic mumbling. Pick a manageable (small) subject, process enough data, arrange all available figures into charts and graphs, studiously suppress any hint of narrative judgment or point of view, and truth will be served. As a result, libraries are filling up with inaccessible accuracy, exhaustively researched big books on tiny topics. But facts do not speak for themselves; they are not even facts until someone formulates them. History is always slanted in one way or another. Merely writing a single sentence imposes an arbitrary order on the flux of occurrence. An older school of historians, too long out of session, made a virtue of this necessity. Knowing that they could not help reshaping reality, they did so with gusto and exuberant style.

This was the method pursued by Francis Parkman (1823-93), a wealthy and well-bred Bostonian who entered Harvard in 1840 and began experiencing what he called "symptoms of 'Injuns' on the brain." These soon led to an ambitious disease; the undergraduate decided to write the history of "the whole course of the American conflict between France and England." This task, which lasted his lifetime, was fulfilled in seven books that were published between 1865 and 1892.

Parkman's own labors seemed as heroic as the scope of his subject. He learned to shoot, ride a horse and maneuver a canoe, essential skills for the thousands of miles of travel that lay ahead. Mountains of old documents rose to test his fortitude. He fell victim to a variety of physical and nervous disorders. In the preface to an early volume, he mentions a vision problem that "has never permitted reading or writing continuously for much more than five minutes, and often has not permitted them at all." Somehow, he soldiered on.

Parkman's strained, beleaguered life produced a stunning epic, stretching from French explorations during the latter years of the 15th century to the signing in 1763 of the Peace of Paris, in which France effectively relinquished all claims to the North American continent. Through it all, the historian occupies stage center, an entertaining, indispensable and highly opinionated witness.

His prejudices are clearly on view. The taming of the New World involved nothing less than the triumph of civilization over barbarism. Parkman's treatment of the Indian is not a model of cultural relativism. The natives are almost invariably called "savages." One prominent chief in what later became Quebec is described as a "greasy potentate." The tortures that Indians inflicted upon Jesuit missionaries and prisoners from rival tribes receive constant attention. "It is needless to dwell on the scene that ensued," Parkman writes of one such episode, which ended in cannibalism, and then dwells on it for a long paragraph and a footnote. His occasional attempts to make the Indians seem human are not awfully successful: "It should be noticed, in justice to the Iroquois, that, ferocious and cruel as past all denial they were, they were not so bereft of the instincts of humanity as at first sight might appear. An inexorable severity towards enemies was a very essential element, in their savage conception, of the character of the warrior."



La Salle claiming the Mississippi River valley for France

There were brutalities on the other side, of course, and Parkman's portrayal of the invading Europeans is frequently unflattering. But they are, when the smoke clears, his people, and his loyalties to the two great nations competing for a vast continent divide in complex ways. His intellect allies him with the English, whose language and culture ultimately prevailed. His heart pulls him toward the French and their colorful, aristocratic heroes: Champlain, La Salle, Montcalm. An enterprise doomed to failure makes a more dramatic story than a brisk progress toward success: "The French dominion is a memory of the past; and when we evoke its departed shades, they rise upon us from their graves in strange, romantic guise. Again their ghostly camp-fires seem to burn, and the fitful light is cast around on lord and vassal and black-robed priest, mingled with wild forms of savage warriors, knit in close fellowship on the same stern errand."

Romance is the key to Parkman's approach. His research unearthed massive evidence of human greed, cruelty, corruption and betrayal. Yet he never lost sight of the mythic struggle in which his flawed participants were locked. A world was up for grabs, and what a world it must have seemed at the time. Parkman's regular descriptions of nature add up to his history's dominant character: an unspoiled Edenic expanse that has been forgotten in fact and may soon be lost to memory as

Excerpt

"They embarked again, floating prosperously down between the leafless forests that flanked the tranquil river; till, on the sixth of February, they issued upon the majestic bosom of the Mississippi. Here, for the time, their progress was stopped; for the river was full of floating ice. La Salle's Indians, too, had lagged behind; but, within a week, all had arrived, the navigation was once more free, and they resumed their course. Towards evening, they saw on their right the mouth of a great river . . . They built their camp-fires in the neighboring forest; and at daylight, embarking anew on the dark and mighty stream, drifted swiftly down towards unknown destinies."

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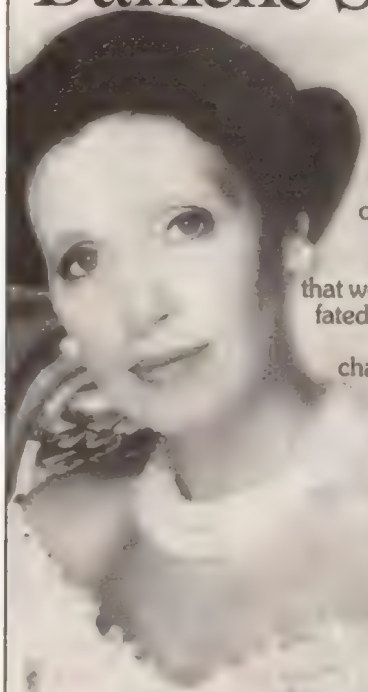

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Books

well. A view of Lake George, in New York State: "Like a fair Naiad of the wilderness, it slumbered between the guardian mountains that breathe from crag and forest the stern poetry of war. But all then was solitude; and the clang of trumpets, the roar of cannon, and the deadly crack of the rifle had never as yet awakened their angry echoes."

Such passages help explain why Parkman's work fell out of favor several decades after he died. The generation forged in the cauldron of World War I had learned to distrust high-flown, rhetorical speech. Romanticism was out, especially if it venerated the past. The last edition of Parkman's history was published in 1926 and has been increasingly hard to find ever since.

Francis Parkman

In reissuing it at this time, the Library of America fulfills its mandate: to collect and preserve classic American writing and make it available to all. Parkman is old-fashioned enough to appear brand new. And his grand saga, although based on facts, now reads like fascinating fiction, as good a candidate as any for the Great American Novel. —*By Paul Gray*

Scholar-Gypsy

MY SEARCH FOR WARREN HARDING
by Robert Plunket
Knopf; 277 pages; $13.95

Novels with cute titles should come with a tag marked *caveat emptor*. The purchases, when opened, are likely to be as interesting and substantial as unfolded cocktail napkins. This year's notable exception is *My Search for Warren Harding*; the title represents truth in advertising. Elliot Weiner, an ambitious academic historian from New York City, thinks he has located a former mistress of President Harding, who died in office in 1923. The suspect lives in Los Angeles, happily undetected by the handful of Harding specialists who are Weiner's competitors. If the old lady has kept letters and other memorabilia from her once illustrious lover, and if Weiner can get his mitts on them, his future in the groves of academe will be palmy indeed.

Almost nothing, of course, works out the way the scholar-gypsy had planned. He manages to rent a ghastly pool house (for $800 a month) on the alleged mistress's crumbling estate. At those prices, Weiner cannot afford to dawdle. But his landlady is either senile or maliciously evasive. She never leaves her home and ignores requests for an appointment. Weiner starts screening the mail coming into the house and the trash going out ("on the whole, the garbage was a waste"). Grow-

ing desperate for information of any kind, Weiner inaugurates a love affair with Jonica, the woman's granddaughter (and conceivably Harding's as well), who is both stupid and immensely fat: "As for her body, I won't go into any details but I will say this: she had a lot of dimples. Everywhere." Weiner's caddish machinations produce a tidbit of news: Grandma has a huge trunk of old papers in her bedroom, and she dips into this cache every night to read herself to sleep

Knowing this information is one thing. Doing anything about it, short of armed robbery, seems impossible. In portraying his hero's frustrations, First Novelist Robert Plunket successfully establishes the kind of moral guidelines essential to classical comedy. Weiner's plotting only seems to bring him closer to his goal; he is, in fact, punished every time he slips into cruel or unusual behavior. Seducing Jonica means that he also is obliged to listen to her: " 'I have to trust. I have to feel,' she told me. I have to go to bed, I thought. Never had I heard such tripe." Fortunately, Weiner is not nearly as wicked or unprincipled as he pretends. "There was nothing I wouldn't stoop to," he says, but the claim is transparently false. His ineptitude as a villain is exceeded only by his bafflement at the world around him.

Since the novel is set in the woozier fringes of Southern California, many are the occasions for such misunderstanding. Weiner's courtship of Jonica involves being hauled along to various odd, uncomfortable situations. There is the amateur performance of a feminist play called *All My Sisters Slept in Dirt/A Choral Poem:* "The theatre itself turned out to be tiny—so small that at first I thought we were in another waiting room. The only seating was what I feared, folding wooden chairs. I can't imagine who set them up—Helen Keller maybe. There was much switching around of seats until everyone realized that *all* the seats were bad." There is also an obligatory visit to a thrift shop, Jonica's favorite milieu, and a cruise on a yacht with a onetime TV sitcom heroine, her inept suitor and much too much booze.

While taking painkilling medication for a sprained ankle (incurred during a foiled attempt to spy on his landlady), Weiner sees a newspaper headline: FOUR THOUSAND OAKS RESIDENTS KILLED IN AUTO CRASH. His groggy response: "I may have been full of codeine but I was stunned. 'Four thousand people were killed in an automobile accident?' This was it. I'm getting out of here. Call the airport." Before his hero finally leaves, though, Plunket puts him through some memorable surrealistic paces. This book makes a riotous debut: *The Aspern Papers* somehow performed by the Brothers Marx. —*P.G.*

Robert Plunket

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Books

Saving Grace

THE WORLD IS MADE OF GLASS
by Morris West
Morrow; 322 pages; $15.95

Roman Catholic novelists have done well with the idea that the path to grace is crowded with sinners. The latest novel from Morris West (*The Devil's Advocate, The Shoes of the Fisherman*) follows that formula: long periods of decadence punctuated by brief moments of salvation. The priestly figure preoccupied with sin in this case is a psychiatrist, and no ordinary one. He is the great Carl Gustav Jung, faced with a fearsome opponent who confounds even him.

The patient is Magda Liliane Kardoss von Gamsfeld, physician and horse breeder, a rich and beautiful woman who prowls Europe seeking pleasure. As the novel opens on the eve of World War I, she is being courted by an international arms merchant who wants her to preside over an elite whorehouse, where the commerce of war and sex might yield both profit and information. Magda hesitates; her considerable self-possession is ready to shatter. A doctor friend sends her to Jung in Switzerland.

Morris West

Thereafter the book becomes a dialogue between Magda and the analyst, who is going through his own variety of breakdown. Jung's troubled dreams seem safely wrapped in the odd domesticity of his Swiss *ménage à trois*, with his wife and mistress in truce under the same roof. But Magda's nightmarish deeds have brought her to the brink of suicide. What crimes lie at the heart of her anxiety? Why did she give up the practice of medicine?

The course of the analysis is a convenient device to lead Magda through her biography and Jung through his. Her story, poured out in elegantly turned phrases, dominates the book, revealing a childhood poisoned by a father who taught her to believe in nothing and indulge in everything. Her brief marriage begins and ends in murder; her sexual adventures are power plays.

Beneath it all Jung discerns what Magda needs. "She expects too much," he writes in his notes. "She demands a God I can't reveal to her, an absolution she hasn't earned and probably never will." Her friend the referring physician finally writes the saving prescription: running the medical service at a halfway house for former prostitutes. But the author kisses off this denouement in a scant few pages, barely hinting at the thoughts and feelings of the new Magda. Having built the novel on the spectacle of her corruption, West might have reflected a bit more on the drama of her return to grace. —*By Mayo Mohs*

The Odd Season

First finish for the U.S.F.L.

The premiere season highlights film of the United States Football League should surely include the historic coin flip setting up an overtime period between the Chicago Blitz and the New Jersey Generals. Though the coin landed safely, officials could not recall whether the Generals had called heads or tails. After an open-minded discussion of the sort that has made U.S.F.L. officiating legendary, the ball was given to the Generals, who obligingly surrendered it and lost the game, 17-14.

Everyone's second-favorite pro-football league endured its odd March-to-July season and staged its first championship game Sunday in Denver. The new league got one lucky break: Super Cup I managed to feature two of the U.S.F.L.'s top performers, Running Back Kelvin Bryant of Philadelphia and Wide Receiver Anthony Carter of Michigan, but not the famous Herschel Walker, who led the league in rushing with 1,812 yards but did little to lift the lackluster Generals. Walker set a record of sorts by retailing the same sad speech to reporters week after week: "I've still got a lot of learning to do. Pro ball is a lot different than college ball."

The Generals assembled an atrocious team in the key New York market, but they were hardly the only disappointment. Weather and scheduling were bizarre. Chicago opened its home season in a blizzard. The Washington Federals played five of their first six home games in torrential rains, and the Arizona Wranglers spent most of the last three months of the season on the road to avoid the blistering heat of Phoenix. The firing of the popular Red Miller, coach of the Denver Gold, dampened the U.S.F.L. boom in the Mile-High City. Half of the 32,000 fans at the next game wore red to protest Miller's dismissal. The National Football League looked down upon the woes of the new league with lordly silence, but its attitude was summed up well enough by Jim Finks, general manager of the Chicago Bears, who referred casually to his second-city rivals as "the Chicago Blintz."

Owners showed more skill in marketing the product than in producing it. The Oakland Invaders (rhymes with Raiders) lured 7,000 people to a cheerleader contest. Michigan Owner Al Taubman drew 60,237 fans to the semifinal playoff game by shrewdly cutting ticket prices and offering discounted parking. Hollywood Stars Lee Majors (Los Angeles Express) and Burt Reynolds (Tampa Bay Bandits) have been brought in as part owners, part hucksters, and Reynolds induced Actress Loni Anderson to pose for a memorable poster that helped push Tampa Bay toward the black. Few other teams managed that feat—or planned to. Chicago Blitz Owner Ted Diethrich announced last week that he had lost $3 million in the team's first season.

Bryant carrying the Stars to Super Cup I

Shrewd packaging, but an uncertain product.

But the results seemed to outperform the cynics, who had predicted that the real battle in the league would be to see which three or four teams survived to be absorbed by the N.F.L. No franchises show danger signs of being shuttered. The U.S.F.L. did better at the gate than the American Football League in 1960, its first season—24,824 per game, *vs.* 16,538. Further signs of suspected U.S.F.L. hardiness include the news that six added teams are planned for next year, with the incoming owners paying $6 million each for the privilege.

The real bottom line, of course, is tallied on the TV scoreboard. The league, which survives on the electronic umbilical cord, exceeded its goal of an average 5.0 rating by a full point, though audiences dwindled steadily after the first few games. A 6.0 rating may not threaten the N.F.L. average of 16.5 last season, but it handily beats the audiences who watched the junk sports ABC previously offered in the same time slot. Advertisers made generally pleased sounds, and ABC seems cheerful enough about letting the U.S.F.L. carry the ball for another season. ■

Bogus Hero

Another star athlete gone bad

In Louisiana, Billy Cannon's fourth-quarter touchdown run against Ole Miss in 1959 is so famous that many fans can still trace the entire 89-yard route through Mississippi tacklers lined up on the bar. Louisiana State won the game, 7-3, and Cannon went on to win the Heisman Trophy. This year he was picked for the College Football Hall of Fame, but his induction is now on hold. Reason: Cannon pleaded guilty last week to a charge that he took part in a multimillion-dollar counterfeiting scheme.

The tale has a De Lorean sheen to it. Cannon, now 45, a successful orthodontist, married and the father of four, had long invested in real estate. But somewhere along the line the deals began to go sour. According to court records, Cannon has been sued for hundreds of thousands of dollars in bad debts since 1980 and owes more than $245,000 in promissory notes to a local bank.

Last week Assistant U.S. Attorney Rand Miller said five ice chests containing $4,750,200 in counterfeit $100 bills had been dug up and that Cannon was "one of the key individuals in arranging for the manufacture of the money and the sale of the money." Five other men were arrested in the case, including Bill Glasscock, president of Magnum Oil in Pensacola, Fla., and John Stiglets, a convicted counterfeiter who was once a member of the L.S.U. boxing team. By agreeing to cooperate with authorities, Cannon plea-bargained down to a single count of conspiracy to counterfeit, which carries a maximum of five years.

By reputation, the former halfback is a man who has cut a corner now and then. Coming out of college, Cannon signed with the Los Angeles Rams for $50,000, then decided to go for a far more lucrative contract with the Houston Oilers of the American Football League; the Rams sued but lost. Cannon had always lived well since college, though not seemingly beyond his means, so friends were surprised at the revelation of his criminality.

Cannon

Other heroes may also be in for some tarnishing. Last week reports came that after a yearlong investigation, federal charges involving cocaine possession may be brought against five Dallas Cowboys, among them Tony Dorsett. Three weeks ago, when Kansas City Chief Running Back Joe Delaney drowned trying to rescue two boys, it seemed a shining reminder of what Sunday's heroes are supposed to be. Last week reality was back. ■

Essay

There You Go Again

Till cant cease, nothing else can begin.
—Thomas Carlyle

There are moments in American life when events lurch out of context, when the public is hurtled from dim awareness of a seemingly trivial news item into a maelstrom of moral reappraisal. That appears to be happening in the affair that the Washington press corps has predictably dubbed "Debategate."

The story first arose as a footnote to history: a terse report that a "briefing book" drawn up to help President Carter prepare for his 1980 campaign debate with Ronald Reagan found its way to Reagan's staff and was used to coach the Republican challenger. Journalists, who might well have disregarded the discovery as of scant consequence during the period when the new President was taking office, perceived high drama when the story surfaced in June. Washington was nearing the dog days of summer, and another campaign was beginning.

In the still, humid air of a capital without much news, reporters sniffed the sweet scent of skulduggery. At first a novelty item, the story grew into a revelation and took on a vitality almost irrespective of its merits.

It turned out that the Reagan team had acquired other Carter papers of unknown significance. Then the atmosphere turned ugly. Aides to the President contradicted one another. Reagan was hammered at a press conference because he would not condemn an event that he sincerely if unwisely labeled "much ado about nothing." As criticism of his ethical fumbling mounted, the President sensibly yielded to demands that his private campaign records be handed over to investigators from the FBI. Zealous accusers exulted that they might have unearthed another Watergate.

A few journalists and other political observers have tried to restore some sense of proportion to the affair. Columnist David Broder of the Washington *Post*, whose newspaper has been among the most heated in pursuit, last week deplored the unthinking usage of the suffix "-gate" for matters that in no way echo the vast moral subversion of the Nixon era. Wrote Broder: "The mischief in labeling is that it sometimes distorts reality. On the basis of what is known now, not only is this not another Watergate, it is almost exactly the opposite." Reagan aides have talked to reporters. The President has ordered full cooperation with investigators. And he has pledged to dismiss anyone proved guilty of wrongdoing. Nothing could be further from stonewalling.

To be sure, a genuine scandal may yet emerge to justify reporters' persistence. Troublesome accusations are being made: that White House documents with national security classifications, not just campaign papers, may have been involved; that they may have been obtained by illegal or inappropriate means; that the Reagan campaigners may have got information from employees of the FBI and CIA (*see* NATION). Still, no specific claim of a crime has been lodged against the Reagan campaign, let alone proved. On the known facts, at least some of the ballyhooing of the briefing book caper looks less like vigilance in defense of liberty than like a case study in sanctimony.

The hypocrisy operates on two levels. First, many of those who profess moral outrage, while they doubtless feel that they are doing their jobs and serving the nation, also enjoy an opportunity for personal gain. Democrats have found a potentially exploitable means of sullying Reagan. The chairman of the investigating subcommittee, Representative Donald Albosta of Michigan, has been rocketed up from obscurity. President Carter's former advisers have suggested that their man lost in part because of a dirty trick. On the Republican side, Reagan's ousted National Security Adviser Richard Allen has been brought forth by some alchemy as an expert on morals; on television he has happily fingered, as a source of leaks from the Carter camp, the man who triggered Allen's own departure from office over an all but forgotten $1,000 gratuity left in a Government safe. Other Republicans too have latched onto the episode to advance factional disputes. Most of the Reagan aides who admit having seen Carter's papers are from the staff's pragmatic, centrist wing; conservative rivals have gleefully described the dustup as a chance to root out the White House moderates. Though exposure of wrongdoing is one of the highest callings of a free press, some of the journalists on the story have simply savored the excitement of a big-game hunt against a government.

Beyond the jockeying for position in the name of moral probity, a deeper hypocrisy is at work: many of those who have denounced the ethics of the Reagan campaign know full well that finding out what an opponent is up to is an absolutely normal part of politics. In the real world, rather than the world of civics textbooks, campaigns often aim intelligence operations at each other. The stakes are substantial and emotions run high. Candidates and staffs can be driven to excesses by a genuine belief that their program and point of view will help the country. It is difficult to name a major American campaign that did not run afoul of some legal technicality or transgress someone's notion of propriety. Politics is no justification for crime. But within the law, political professionals sharply disagree as to what ethical standards apply to campaigns. They suggest that greater leeway can be given to challengers, who must combat the advantages enjoyed by incumbents. The conduct of sitting Presidents must protect the image of their office; besides, they already have at hand the resources of the Government.

One measure of the prevailing moral confusion is that pundits have not lined up predictably on this story. Columnist James J. Kilpatrick, an ardent supporter of President Reagan, is deeply troubled by the idea that the Reagan team had Carter's briefing book. Yet George Reedy, a former top aide to Lyndon Johnson, says, "It takes a positive effort of will for anyone who has been involved in presidential campaigning during the past 50 years to seethe with genuine indignation over the case of President Carter's purloined briefing documents." Former Democratic National Committee Chairman Robert Strauss similarly has said that politicians need not aspire to sainthood, and can accept data that come to them unsolicited. Recent candidates would not have doubted that: campaign aides to John Kennedy and Hubert Humphrey,

Illustrations for TIME by Jean-François Allaux

among others, sought information from the camps of opponents.

In theory, right and wrong are divorced from consequence: it is as wicked to steal a dollar as a diamond. In practice, misdeeds are often judged by their scope and outcome. According to Carter's aides, the purloined debate strategy relied significantly on plans for springing facts and numbers on Reagan to make him look forgetful and unpresidential. The value to Carter of that sort of surprise attack is dubious. The magnitude of his defeat, as an incumbent President, reflected a specific rejection of him by the people.

Idealism has an honored place in the traditions that built America. But this country's apparent inability to distinguish between peccadilloes and political atrocities puzzles allies and imperils the nation's being taken seriously by the rest of the world. The *Wall Street Journal* warned in an editorial last week that "we risk going down in history as the first civilization to strangle itself in a frenzy of ethics." The press and the political system seem to have developed a reflex impulse to discredit every President. Americans want their leaders to be decent men who play fair, but voters know that a measure of cunning, even sleight of hand, can be essential in politics and diplomacy. Moreover, an absolutist piety can have the unintended effect of breeding cynicism rather than virtue. Repeated false rectitude about trifling lapses wears out the reflexes for indignation when it is justified.

Easy though it is to make light of the way in which the debate caper was metamorphosed from old news into the summer's hottest story, the consequences could be weighty. Already, the equilibrium has been disrupted between the ideologues and the pragmatists on President Reagan's team. If the affair results in resignations from either faction, the direction of the Reagan Administration could be substantially altered. For Presidents, the loss of a trusted adviser, and with him the skilled advocacy of a viewpoint, is a common experience, but a disruptive one. For Reagan, the effects of departures could reach to the platform that the Republicans run on next year, even to whether he chooses to be the party's candidate. The press corps in Washington is well aware of how the impact of the story may exceed its significance: ABC White House Correspondent Sam Donaldson has been gloating to colleagues that the scandal will keep Reagan from seeking re-election, making him our sixth successive President to be unable to finish two terms.

Now that the briefing book imbroglio has been thrust into national consciousness, the Reagan Administration can regain its full credibility only by ensuring that investigations go forward. If there is housecleaning to be done, the President has already demonstrated—most recently in the EPA scandal—that he can do it, however reluctantly and unapologetically. He stands by his characterization of the ruckus as "much ado about nothing." But Reagan has already said what Richard Nixon could never quite bring himself to say about Watergate. Promised Reagan: "If, when the investigation is over and the truth is known, it is necessary to correct that statement, I'll correct it." Even if Reagan is vindicated, however, he and the nation could well pay a high price for the cleansing process. Any scandal diverts the Government from its essential business of sustaining the economy, the national defense and the pursuit of peace. It also sidetracks the press from its role as watchdog on the great issues. The distraction can, in turn, disillusion allies and invite aggressive moves by unfriendly nations. When a scandal is legitimately grave, all that is worth enduring. If a scandal is overblown, however, the nation is subjected to a deplorable, unnecessary burden. Politics and government are arts of compromise, of weighing one concern against another. Those who place ethical absolutism above all other interests should bear that in mind.

—By William A. Henry III

Milestones

BORN. To **Mary Steenburgen,** 30, Oscar-winning American actress *(Melvin and Howard),* and **Malcolm McDowell,** 40, British actor best known as the cherub-faced punk in *A Clockwork Orange:* their second child, a son; in Los Angeles. Name: Charles Malcolm. Weight: 7 lbs. 15 oz.

DIED. Sergei Chalibashvili, 21, Soviet diver; of heart failure, after having struck his head (incurring multiple skull fractures) on the ten-meter-high platform while attempting a 3½ reverse somersault in tuck position at the World University Games; in Edmonton, Alta. The athlete had had trouble in executing the difficult dive in practice. Anticipating tragedy, other divers along with U.S. Coach Bob Rydze could not watch his competition effort. Said Rydze in anger after the July 10 accident: "It's the coach's responsibility to make sure his divers are not attempting dives they're not capable of doing."

DIED. Ross Macdonald, 67, writer of taut, psychologically acute detective novels; of Alzheimer's disease, which he had had for three years; in Santa Barbara, Calif. In such books as *The Moving Target, The Galton Case* and *The Chill,* his sleuth Lew Archer roamed Southern California through false fronts and cracked surfaces to unearth his clients' dark familial sins and secrets that almost always led to murder. Born Kenneth Millar, he adopted his pseudonym after his wife Margaret became a successful mystery novelist. Though his early work echoed Raymond Chandler and Dashiell Hammett, his only peers among modern American mystery authors, Macdonald developed a wise, melancholy voice of his own, writing not only about violence and retribution but, as he put it, about "people with enough feeling to be hurt and enough complexity to do wrong."

DIED. A.T. Baker, 68, versatile TIME writer and editor; of cancer; in Washington Depot, Conn. In his 35 years with the magazine, Bobby Baker covered areas ranging from national and foreign affairs to art and architecture. But his deep love of literature produced some of his most memorable writing, including cover stories on Robert Frost (1950) and André Malraux (1955), and an essay on the state of American poetry (1971).

DIED. Eddie Foy Jr., 78, comic song-and-dance man whose career began at age five in his vaudevillian father's act "Eddie Foy and the Seven Little Foys," and whose marvelously rubbery face and limbs stole shows on Broadway and TV and in the movies, most famously in *The Pajama Game;* of cancer; in Woodland Hills, Calif.

DIED. Edwin Denby, 80, America's finest dance critic *(Looking at the Dance),* whose meticulous analytical skills were gloriously partnered by his vivid, poetic language; by his own hand, after a long illness; in Searsport, Me. Educated at Harvard and the Vienna University, Denby wrote for the New York *Herald Tribune* during World War II and went on to become the foremost critic of classical American ballet, reserving his highest praise for the work of Martha Graham, Jerome Robbins and especially George Balanchine.

DIED. Werner Egk, 82, German composer best known for his opera *Peer Gynt* (1938), banned by Nazi authorities as a satire of the Reich until Hitler restored the production by praising it; of heart disease; in Inning, West Germany. Egk headed the German Union of Composers during World War II but was absolved of taint at a 1947 de-Nazification trial. Strongly influenced by early Stravinsky, he wrote essentially conservative, polyrhythmic operas like *The Inspector General* (1957), and a controversial ballet, *Abraxas,* which was banned as obscene in Munich after its 1948 premiere there.

Bronze Shoes for "Big Mac"

An old-school editor steps down, leaving behind a better paper

There was nothing routine about the retirement at the Miami *Herald* this month when Executive Editor John McMullan, 62, ended more than 30 years of crusading against crime and exposing the permissive foibles of Miami's hustlers, hoodlums and hoodwinking officeholders. If his retirement was not exactly the end of an era, it was certainly a milestone in Miami's 87-year history.

Under McMullan's one-man rule over both the news and editorial departments, the *Herald* (circ. 443,000) often managed the difficult feat of remaining fresh and vigorous while dominating its market and growing rich. McMullan also set a rarer standard among U.S. dailies: a newspaper that consistently is crisply written, carefully edited and cleanly organized. The parting attack on the chaotic overdevelopment of Miami's congested downtown area. Said Bill Long, the *Herald's* chief of correspondents: "He was tough as nails right up to his last edition."

As most Miamians know, it would be a mistake to dismiss McMullan simply as the town grouch. Renowned though he is for his cantankerousness, McMullan maintains the charm, the manner and the vocabulary of a gentleman, even as now, in retirement, he drives to break 80 on the golf course and master his new IBM Personal Computer, a staff going-away gift. With a similar determination to preserve integrity in private and public, he insisted that the suicide in 1976 of his daughter, a psychiatric nurse, be fully reported in the *Herald*. Both the paper's staff and knowl-

RAY FISHER

Autocratic and innovative, "he was tough as nails right up to his last edition"

lively news town and the combative editor were made for each other, and McMullan molded the *Herald* for the town. Says City Manager Howard Gary: "McMullan is the conscience that all cities need." Adds Kurt Luedtke, a former *Herald* colleague and author of the 1981 film *Absence of Malice:* "I hope that he is not the last of those morally indignant city editors, but there are few left like him."

McMullan returned few of the compliments. Instead, his last week was mostly business as usual. He worried out loud about why the *Herald* had not editorialized harder for increases in the state education budget, and felt badly let down by a recent series on zoning concessions. "The trouble was we didn't send anyone to jail," he lamented. "We're proud of explanatory journalism these days, but I think a couple of convictions is a wonderful way to explain the problem." In the final installment of his regular Sunday editorial-page column, McMullan skipped through a few farewell niceties, then unleashed a edgeable professional observers generally credit McMullan with most of the major innovations that have brought the *Herald* three Pulitzer Prizes in the past four years, including this year's award for its editorial crusade against the Haitian detention camps in Miami.

He expanded the *Herald's* domestic and foreign bureau system to its present bases in Atlanta, New York City, Washington, Jerusalem, Peking, Santiago, Rio de Janeiro and El Salvador, as well as adding a correspondent on Latin America based in Washington. The *Herald's* coverage of Central America is generally lauded as alert and thorough. The paper was among the first to launch a weekly business and financial supplement as well as a Sunday magazine, *Tropic*.

McMullan was also instrumental in expanding the *Herald's* staff to reflect the strong ethnic diversity of Miami's community: without a single black staffer 15 years ago, the *Herald* now has 20 black reporters, a black editor and a black columnist. Even greater strides have been made toward the city's Latin population. The *Herald* is the only large metropolitan newspaper in the country to publish a daily Spanish edition (circ. 66,000). There are two Latin columnists and 40 staff members, including a member of the editorial board, to help cover the city's politically potent Cuban community. Nevertheless, assimilation is hardly complete: top management is still clubby, male and "Anglo."

McMullan seldom produced results from either his community or his own staff by asking politely. Miami Police Chief Kenneth Harms, who has battled with McMullan over the causes of Miami's recurrent racial disturbances, police brutality and civilian review issues, does not regret McMullan's departure. Says he: "It will be like missing a sore tooth." Despite the paper's editorial excellence and its emphasis on local community reporting, many Miamians resent the *Herald's* power and tone of parental authority, often viewing it as an extension of McMullan's own abrasive personality.

In the city room, his methods, known as "Big Mac attacks," were brusquely confrontational, but at least they were consistent: he was equally hard on everyone. "I have worked for John McMullan and I have worked against John McMullan," roasted David Kraslow, publisher of the Miami *News*, in a McMullan testimonial last month, "and, believe me, there's not a damn bit of difference."

McMullan has been with the Knight (now Knight-Ridder) newspaper chain ever since 1957. When he was assigned to liven up its Washington bureau, his eagerness produced an uneasy rebuke from the bureau chief: "John, you were sent here to fill a vacuum, not overflow it." In 1970 McMullan left to execute a wholesale purge of the chain's newly acquired Philadelphia *Inquirer*. In three years, McMullan replaced a third of the paper's reporting staff, including virtually every department head. The overhaul was to turn the *Inquirer* into one of the strongest newspapers in the U.S.

He retains a keen appreciation of the maverick qualities of his adopted home town, which was only 30 years old when McMullan arrived with his family in 1926 at the age of four. "Miami is still trying to sort out its values," he says. "There was a time when if you had eliminated the ex-cons from the University of Miami's board of trustees, you would have taken off some of the best people in town." The McMullan style will be difficult to emulate. His successor, former Managing Editor Heath Meriwether, 39, will not try. Says he: "My approach is collegial and consensus building. Rather than fill John's shoes, I thought I would just bronze them and hang them on the wall."

—By William McWhirter

A moment with a Mustang GT.

Mustang GT approaches S turn. Downshift 4th to 3rd gear. Driver brakes (ventilated power front discs, rear drums). Five liter high-output V-8 in third gear.

Downshift to second in the short chute. Driver straightens car quickly with rack and pinion steering. Suspension with high-rate springs and shocks and Performance BSW tires unloads from hard left turn and sets up for the hard right.

Hard right turn loads suspension to the left. Large diameter front and rear stabilizer bars keep Mustang flat in the turn. Driving seat provides good lateral support for driver in command position. Driver steers left. Accelerate. Upshift.

A winding road unwound. A moment with a Mustang GT.

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